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OUR REPORTER'S REPORT

The sustained dearth in new underwritings is finding reflection in the high grade market in the form of sustained underlying strength.

Dealers report a fair amount of day-to-day business going through with the volume limited only by a lack of willingness on the part of sellers.

Such offerings as come into the market can be put away very easily, it is reported. At the same time, however, buyers are still disinclined to bid up for bonds in order to obtain their needs.

Consequently the market is moving along on a fairly even keel, with buyers willing to absorb best grade bonds provided they are available within a rather well-defined price and yield range.

That institutional investment interests are not concerned over the current situation in the money market goes pretty much without saying, judging by the absence of any apparent nervousness on that score.

A few short years back, the situation which now prevails in excess reserves in the New York area might well have caused considerable uneasiness and perhaps a bit of nervous liquidation.

But currently it is recognized that the precipitate fall in such free reserves in recent months is a consequence of the Government's war financing, and not necessarily

(Continued on page 660)

Proposed Bill Would Ease SEC Rules On Security Issues

A bill will be introduced in the next two weeks by Representative Lyle Boren (Dem., Okla.), a member of the House Interstate Commerce Committee, intended to simplify and clarify Securities and Exchange procedure in the issuance of securities and to speed SEC regulatory machinery.

Mr. Boren will continue the battle for revision of SEC operations led in the last session of Congress by Representative Wadsworth (Rep., N. Y.), and it is anticipated that a special subcommittee of the Interstate Commerce Committee will be appointed to study the matter. Mr. Boren has already introduced a bill to restrain SEC power in municipal bond issues and stated that he planned to reintroduce the Wadsworth bill if Mr. Wadsworth himself did not present it again.

One of the objectives of the bill is to eliminate duplication in the enormous amount of material which the SEC requires to be filed as part of registration statements before granting permission for issuance of securities and to reduce the expense involved in preparing data, and it is specified that:

"The Commission shall promptly revise its forms for registration statements and applicable rules and regulations so as to require in the prospectus only such information as it shall find material and necessary to enable the average investor to form a prudent judgment with respect to the security to which the prospectus relates, and in the supplementary statement only such additional information as is necessary to satisfy the requirements. . . ."

Under the terms of the bill, the seventh day after filing with the SEC rather than the 20th day, as at present, would be the effective date of a registration statement. Also, the time in which the SEC is authorized to refuse to permit a registration statement to become effective by instituting a proceeding would be reduced from 10 to five days. All transactions on a national securities exchange would be exempt from both the registration and prospectus provisions of the Securities Exchange Act. The SEC would also be given power to permit omission of information from particular registration statements.

The SEC has admitted that certain reforms should be made in procedure, but it has taken exception to the particular methods suggested in Congress, according to testimony taken in previous hearings.

Many of the proposed reforms resulted from the long series of conferences between the Commission and representatives of the securities business during 1940 and 1941.

Mr. Boren is also preparing a bill to define the SEC's power with regard to proxies over which there has been considerable controversy recently. He predicted a good chance "for SEC reform legislation of some nature" at the present session of Congress.

Eberstadt Leaves WPB Post; Wilson Named Production Chief

Donald M. Nelson, Chairman of the War Production Board, with a view to placing centralized responsibility for all phases of war production in Charles E. Wilson, requested on Feb. 16 that Ferdinand Eberstadt relinquish his post as Vice-Chairman of the Board. Mr. Wilson becomes Executive Vice-President of the WPB.

In his announcement, Mr. Nelson said that his principal reason for the change was to place a production man in full charge. Mr. Wilson was former President of the General Electric Corporation.

Mr. Nelson further expressed his "conviction that this change will bring harmony to WPB and end the jurisdictional questions which, if permitted to continue, could only hamper the war effort."

Mr. Eberstadt, former New York investment banker, had been in charge of programs and schedules since last September and had developed the Controlled Materials Plan. In a statement concerning his resignation from the WPB, Mr. Eberstadt defended his record of service but said he had "no desire other than to serve the war effort" and was therefore applying for active duty in the Army. He served two years in the Field Artillery during the last World War. Mr. Nelson's statement follows:

"I have made this move in order to solve organizational problems which have come about because carefully-scheduled production is now the most pressing problem before us.

"It is my conviction that this change will bring harmony to WPB and end the jurisdictional questions which, if permitted to continue, could only hamper the war effort.

"Mr. Eberstadt has worked hard and diligently in setting up the Controlled Materials Plan, and I regret the circumstances which make it necessary for me to transfer his functions to another. However, Mr. Wilson is a production man, and our job today is primarily a production job.

"Because our entire effort must now center about the production line, and because this involves the closest control over scheduling, it is essential that two things be true—first, that a production man be in full charge; second, that all related problems be within the jurisdiction of that production man.

"In the early days of this organization and its predecessors, we faced problems of a somewhat different nature. Even a few months ago, the problem of controlling materials flow was of major importance. It does not now lose any of its importance,

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Fabricand To Manage New Sulzbacher Dept.

Sulzbacher, Granger & Co., 111 Broadway, New York City, members of the New York Stock and Curb Exchanges have opened a municipal bond department under the management of I. K. Fabricand.

Mr. Fabricand was formerly manager of the municipal department of Morgan, Kennedy & Co., Inc.

E. S. Sarvene With J. S. Bache, Detroit

(Special to The Financial Chronicle)

DETROIT, MICH.—Edmund S. Sarvene has become associated with J. S. Bache & Co., Penobscot Building. Mr. Sarvene was previously with Goodbody & Co. and prior thereto he was manager of the trading department of Wright, Martin & Co., with which he was connected for a number of years.

RR. Bond Outlook

R. H. Johnson & Co., 64 Wall Street, New York City, have prepared a circular on the "Outlook for Railroad Bonds in 1943." Copies may be had from the firm upon request.

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Walter Kidde & Co., Inc.

By BRUCE WILLIAMS

"Romance" and high drama are not uncommon in American industry. Sometimes they are found in combination with striking financial success. Walter Kidde & Co. is on its way to becoming an outstanding example of this combination.

On the dramatic side, this company's products are now protecting our fighting men against one of their deadliest enemies—Fire. Other devices are inflating life rafts, opening bomb bays, lowering landing gear. The three Navy fliers who spent 34 days in a rubber boat and Ensign Gay who saw the Battle of Midway from his "rubber doughnut" owe their lives to some of these devices.

The company's major raw material is the abundant, cheaply produced soda-pop gas, carbon dioxide (CO^2). Anyone can make the gas—we exhale it with every breath — but through ingenious engineering, Walter Kidde & Co. has harnessed it to a multitude of war and fire protection uses. Incidentally, some 300 patents and more than 25 years of "know how" protect the company's dominant position in its field. (See Life Magazine, Dec. 21, 1942, pp. 51 and 53 and The Reader's Digest, February 1943, pp. 83-86).

On the financial side, wartime demand has lifted sales volume to more than ten times the 1937 total. Sales in the first nine months of 1942 totaled $26,340,000 and for the full year are estimated at $38,000,000. Output for 1943 is expected to reach approximately $65,000,000. This compares with sales of $13,564,000 in 1941 and $5,604,000 in 1940. To meet increased working capital requirements, the company is negotiating for a $10,000,000 "V" loan. When these figures are looked at in contrast to the company's net property account of $1,317,449 as of Dec. 31, 1941, one is forced to question, "How?"

The answer is that the company is now operating its original New Jersey plant — plus five others newly built and equipped by the Defense Plant Corp. at a reported cost of over $7,000,000. The company has the right to lease or purchase this new equipment and has already made some progress in that direction. Whatever part of these new facilities may be needed by the company to meet its post-war business demands will likely be acquired on a favorable basis. The new plants are all conveniently located with relation to the company's own properties in Bloomfield, N. J.

Capitalization consists of 4,990 shares of $6 cumulative preferred stsock (no par) and 104,900 shares of common stock ($5 par). As of Sept. 30, 1942 current assets totaled $15,325,000, as against $12,235,000 of current liabilities. Largest item on the liability side was $6,475,000 provision for taxes. Notes payable amounted to $2,600,000.

*COMMON STOCK

Year	Per Share Earn.	Per Share Div.	†Price Range High	†Price Range Low
1942	‡$15.88	$1.50	35	28
1941	13.11	1.50	35	24
1940	6.12	1.00	23½	16½
1939	3.72	0.65	16½	6½
1938	1.91	0.50	--	--
1937	3.11	0.40	--	--

*All figures adjusted to present capitalization. †Approximate over-the-counter bids. ‡Nine months' earnings subject to year-end adjustment, including renegotiation of contracts.

Although a sharp decline in volume is in prospect upon return of peace, the company should enjoy a large and permanent expansion of markets for its fire-prevention and life-saving equipment in the air and marine transport fields. Moreover, at its current price of approximately 34, the common stock is severely discounting the company's prospects in the post-war readjustment period.

For example, the stock is selling at 2.6 times 1941 earnings and 6.1 times five-year average earnings 1937-1941. Before renegotiation of contracts and excluding post-war refund, the stock is selling at only 1.6 times indicated 1942 earnings. On this same basis, book value as of Sept. 30, 1942 was $44 per common share.

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Melhado Director Of Manhattan Fund

Allan L. Melhado, well-known financial adviser and member of the New York Stock Exchange, has been elected a director of Manhattan Fund, Incorporated.

Allan L. Melhado

Manhattan Fund, Incorporated, of which Professor E. W. Kemmerer of Princeton University is consulting economist, is an investment research organization which acts as adviser to two prominent investment companies: Manhattan Bond Fund, Incorporated and New York Stocks, Incorporated, possessing approximately $17,000,000 total resources.

Mr. Melhado is regarded as one of the pioneers in the field of investment company management, having for several years served as President of Fundamental Investors, Incorporated. He now serves as a director of Investors Fund C, Incorporated and Fundamental Investors, Incorporated, both of which companies are managed by interests dominated by Roosevelt & Son.

H. S. Gumbel, Jr., Is With Reynolds & Co.

Reynolds & Co., 120 Broadway, New York City, members New York Stock Exchange and other leading exchanges, announce that Horace S. Gumbel, Jr., formerly a partner of Faroll Bros., has become associated with them in their office at the Sherry-Netherland.

H. W. Middaugh Joins Staff Of Boettcher & Co.

(Special to The Financial Chronicle)

DENVER, COLO. — Harry Wheelock Middaugh has become associated with Boettcher and Company, 828 17th Street. Mr. Middaugh was formerly in the securities business for himself in Watertown, N. Y. and was with various investment firms in New York City.

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Central States IBA Will Hold Meeting

The eighth annual conference of the Central States Group of the Investment Bankers Association of America will be held in Chicago March 11, it was announced by D. Dean McCormick of Kebbon, McCormick & Co., Chairman of the Group. War finance will be the keynote of the program, Mr. McCormick said, and the sessions, usually occupying two days, are being concentrated into one, with forums in the morning and afternoon. There will also be luncheon and dinner meetings. Prominent Chicago business men and bankers, as well as investment bankers, will participate in the meeting.

D. Dean McCormick

In addition to a full attendance of Chicago members, the timing of the meeting immediately ahead of the April Victory Fund Drive is expected to bring investment men from the five middle western States in the group, and representation from eastern houses and other groups. It is usually one of the largest of the group meetings held by the investment bankers.

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Now Reagan & Co.; Kirk C. Dunbar Joins

(Special to The Financial Chronicle)

PASADENA, CALIF.—The firm name of Reagan, Carr & Gaze, Ltd., 575 East Green Street, has been changed to Reagan & Co., Inc.

Kirk C. Dunbar has become associated with the firm. Mr. Dunbar was formerly with Bankamerica Company as Assistant Manager of the Corporation Trading Department; prior thereto he was in charge of the Corporation Department of Butler-Huff & Co. and was a principal of Kirk C. Dunbar & Co.

Milwaukee Co. Opens Branch In St. Paul

ST. PAUL, MINN.—The Milwaukee Co. of Milwaukee, Wis., has opened a branch office in the Endicott Building. Clarence L. Singer will be Resident Manager of the new office.

Now Stewart, Vose & Co.

The firm name of John G. Stewart & Co., 1 Wall St., N. Y. City, members of the New York Stock Exchange, was changed to Stewart, Vose & Co., effective Feb. 11, when Benjamin O. Jacobsen was admitted to general partnership and Alden H. Vose, Jr., to special partnership in the firm.

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'42 Textile Fiber Use Reaches New High

Consumption of cotton, wool and rayon in the United States in 1942, as was to be expected, established a new high peak for all time, aggregating 6,847,000,000 pounds, an increase of 6% above the previous peak consumption level of 1941, which amounted to 6,477,400,000 pounds, states the "Rayon Organon," published by the Textile Economics Bureau, Inc., New York.

The Bureau's announcement further stated:

"Cotton and rayon consumption were at a rate substantially higher than ever previously reported, but wool consumption, due primarily to restrictions for civilian use, fell short of the previous record year of 1941. Silk consumption in 1942, of course, was nominal.

"The record consumption of cotton in 1942 is placed at 5,616,600,000 pounds, an increase of 8% above the previous record of 5,208,500,000 pounds consumed in 1941. Scoured wool consumption last year is estimated at 610,000,000 pounds, or 7% less than the record level of 652,200,000 pounds used in 1941.

"Consumption of rayon, including staple fiber, registered a gain of 5% over 1941, amounting to 620,600,000 pounds as compared with 591,700,000 pounds in 1941, and was more than double the consumption reported as recently as 1937.

"The larger consumption of rayon is due to its replacing silk and nylon and, to a lesser degree, wool and cotton in certain civilian products; its increased use in war products; and lend-lease requirements, Good Neighbor exports, etc. The 'new' demand, it is estimated, accounted for 25% of the rayon output, the remainder going into regular channels."

The annual fiber consumption in the United States for 1942, 1941 and 1929 follows, the units being in millions of pounds:

	1942	1941	1929
Cotton	5,616.6	5,208.5	3,422.7
Wool	610.0	652.2	368.1
Rayon	620.6	591.7	133.4
Silk	nominal	25.0	81.0
Total	6,847.0	6,477.4	4,005.2

Phillip Robb With OWI

Phillip H. Robb of F. B. Ashplant & Co., 2 Wall Street, New York City, is on leave of absence for the duration with the Office of War Information.

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Southern Textile Companies

In the year 1939 roughly 8,400,000,000 linear yards of cotton fabrics were produced in this country—practically all for civilian use. That was a reasonably normal year for the textile industry.

Last year the output of cotton fabrics rose to 12,000,000,000 linear yards, half of which went to our Armed Forces and to our Allies. What remained for civilian use was approximately 2,400,000,000 linear yards short of normal peace-time requirements. Stated another way, the deficiency in civilian output for the year was about 28%.

Domestic textile output this year will not exceed last year's production by any appreciable degree for the simple reason that 1942 volume represented just about the maximum capacity of the industry to produce. Moreover, it is expected that 50% of this year's output will again be taken for military and lease-lend purposes. This all adds up to a substantial deferred demand for textile products in the post-war period—a demand which will become more acute the longer the war lasts.

During the first World War the domestic textile industry—then concentrated largely in the New England States—greatly increased its capacity to meet the wartime demand. Mills were built in the South to take advantage of the cheaper labor, production and transportation costs in that area. The return of peace found the industry too big for its markets. A painful period of retrenchment and unsound competition followed. From the end of 1925 to the end of 1941 a 36% reduction in the number of installed cotton spindles occurred.

Number Cotton Spindles in Place

	(000 omitted) North	South	Percent Active
1941	5,494	17,938	93.5%
1932	11,273	19,094	71.9
1925	18,175	17,747	86.0

Not only has the South assumed undisputed leadership in production of cotton textiles, but the new and vastly promising rayon textile industry is located there. Some 30 plants situated throughout the South and Middle Atlantic States now account for the larger part of domestic rayon production.

In neither of these two major branches of the textile industry has there been the unhealthy expansion of capacity during the present war that occurred at the time of the first World War. In fact, it is now clear that the in-

(Continued on page 652)

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Capital stock of Standard Accident Insurance Co. offers attractive possibilities, according to a memorandum issued by The First Boston Corporation, 100 Broadway, N. Y. City. Copies of the memorandum and a report on the company may be had from First Boston Corporation upon request.

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Southern Textile Companies

(Continued from page 651)

dustry will emerge from the present conflict with about the same overall capacity as it had in 1939. When this prospect is viewed in the light of other major considerations now affecting the industry, it is easy to see why selected textile stocks are finding increasing favor among professional investment groups.

High on the list of these other considerations is the application of minimum wage rates. Wages constitute between 25% and 30% of total cost in textile production and the application of minimum rates has eliminated the unhealthy competition of "sweatshop" operators. Another consideration of importance these days is the effect of price controls. In the cotton textile industry present controls hold little threat to the profit margins of the mills because ceilings are based on the price of raw cotton—the present basis being 20.37 cents per pound.

Southern textile companies can look forward to several years of heavy demand after the war. They will be in sound financial condition to meet this demand. They will not be troubled with the excess capacity and harmful competitive practices of the 1920's. Given some relaxation from wartime tax burdens, they should quickly justify the confidence which investors are now evidencing in their securities.

Record Output For Cotton Textiles

How the cotton textile industry worked with the Army, Navy, WPB, and other Government agencies of war procurement and control to raise production levels to a new all-time high was reviewed by W. Ray Bell, President of the Association of Cotton Textile Merchants of New York, in his report delivered to the annual meeting of the association. New directors of the association elected at the meeting included Floyd W. Jefferson, Sr., of Iselin-Jefferson Co., Dennis L. Reardon of Riverside & Dan River Cotton Mills, John K. Whitaker of Hesslein & Co., Inc., Frederic A. Williams of Cannon Mills, Inc. and G. E. Huggins of Catlin Farish Co., Inc.

"Textile expansion and its effective synchronization with war needs is an old story," said Mr. Bell. "Long before Pearl Harbor, in the early days of the defense program, we began to prepare for the job of clothing and equipping our armed forces. By close cooperation with the Quartermaster General's Office, the Navy Supply Corps and other procurement agencies, plus their intelligent foresight, we have provided well-balanced surpluses of all types of cotton woven materials which have cushioned the impact of unprecedented demand due to rapid and successive increases in the number of men under arms."

In a summary of outstanding accomplishments of the cotton textile industry during the year Mr. Bell pointed out that production of combed twills was 10 times greater than in 1939; and cotton duck five times greater, largely from conversion from other fabrics. Sanforized drill purchases of the Army increased from 20,000,000 square yards in 1940 to 190,000,000 in 1942, while herringbone twill purchases rose from 12,000,000 to 195,000,000.

Pointing out that 1943 will demand even more effort and ingenuity, Mr. Bell's report expressed the hope that the industry will maintain its record of doing the impossible in this crucial year.

Citing practical measures of cooperation of the membership of the association with the WPB, Mr. Bell expressed the opinion that "not since processing-tax days had so many executives engaged simultaneously in cooperative effort." Similar cooperation was extended to OPA in providing facilities and services required in its formulation of ceiling price schedules, which Mr. Bell characterized as "with some exceptions, reasonable and fair." The report concluded:

"While our emphasis in this report has been on the full activities and high achievement of the past year, it is clear that 1943 will demand even more effort and ingenuity. Foremost is the need for production and then more production to satisfy the war, lend-lease and civilian needs. A new appeal has just been issued by the WPB to every cotton mill for the maximum of effort to this end. I sincerely hope and believe that in this crucial year the industry will maintain its record of doing the impossible."

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REAL ESTATE SECURITIES

Recent Assessed Valuations Placed Upon New York City Real Estate Indicate That Real Estate Bonds Are Still Selling Far Below Their True Intrinsic Values.

The wise investor who has heeded the admonition of not placing all his eggs in one basket, and who wishes to diversify his investments, would do well to consider the addition of Real Estate Bonds to his security portfolio.

The value of a real estate bond may be determined by several factors. First of course the degree of security. Other factors may include yield and the possibility of enhancement of price. Naturally, the earning power of the property securing the mortgage of which the bond is a part is an important consideration.

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The writer believes that the assessed valuation placed upon a property for the purpose of taxation is one yardstick that may be used for determining the value of the property. Some theorists may disagree with this statement on the grounds that at a given time the real estate in question could not be sold for the assessed valuation. This fact alone does not establish value. The cost of the land upon which the building is erected, the cost of constructing the building, which includes labor, material, builders' and architects' fees must be considered. Also, due account must be taken of the value of the tenancy, the cost of commissions and advertising to secure such tenancy and the cost of alterations necessary to maintain the tenancy.

Assessments placed by the City of New York, for instance, are not just taken out of a hat. They are determined by trained real estate experts who give due consideration to all of the above facts. In addition, if an owner of real estate is not satisfied with the assessment placed upon his property, he may make an application for a reduction of the assessment. If he cannot secure the satisfaction he believes he is entitled to from the Tax Commission, he has the further right to go into the State Courts under a writ of certiorari to review or correct the final determination of that Commission. We may, therefore, presume that when the eventual assessment has been decided upon, it represents pretty near the actual value of the property.

According to an article published in the 1943 Manual of the Real Estate Board of New York, the State Board of Equalization in passing on the work of the Assessors of the Tax Department say officially that they find the Borough of Manhattan in the City of New York assessed at only 92% of real value. So here we have a State body more than substantiating the assessed valuations placed by the authorities of a city.

Exactly when is real value? The dictionary defines the word real as "having actual existence—not theoretical or imaginary" and the word value as "having financial worth."

We list below the assessed value of several properties in the City of New York on which there are bond issues. Assuming these assessments are only 92% of their real values and comparing the value placed on their first mortgages by the market price of their bonds, it would seem that our contention is correct that real estate bonds are indeed selling far below their true intrinsic values.

Property	Asessed valuation	Value placed on 1st mtge. by market price of bds.
Harriman Bldg.	$5,000,000	$1,781,152
Trinity Bldg.	8,750,000	1,001,835
61 Broadway	8,075,000	1,664,670
165 Brodway	9,000,000	2,880,000
Textile Bldg.	4,860,000	1,263,600
2 Park Ave.	6,775,000	2,945,190
10 East 40th Street	4,500,000	1,598,080
Dorset Hotel	1,625,000	711,869
Drake Hotel	2,600,000	884,000
60 East 65th Street	1,985,000	615,350
Hotel St. George	6,650,000	3,192,000

How To Make Securities Pay Your Income Tax

Filer, Schmidt & Co., 30 Pine Street, New York City, members of Put & Call Brokers & Dealers Association, Inc., have issued a folder entitled "How to Make Your Securities Pay Your Income Tax." Copies of the folder may be had from Filer, Schmidt & Co. upon request.

NY Analysts To Meet

The New York Society of Security Analysts, Inc., will meet on Feb. 19 at 56 Broad St., N. Y. City, at 12:30 p.m. Speaker at the meeting will be Dr. Harry Arthur Hopf, President of the Hopf Institute of Management and senior partner of H. A. Hopf & Co., management engineers, who will discuss "Measuring Insurance Company Management—Practical Administration."

Ernst To Get Chicago Exchange Membership

CHICAGO, ILL.—A membership in the Chicago Stock Exchange has been posted for transfer to Howard M. Ernst, senior partner of Ernst & Co., 120 Broadway, N. Y. City, and 231 South La Salle St., Chicago. Mr. Ernst is now serving as a Lieutenant Commander in the United States Navy.

Tomorrow's Markets Walter Whyte Says—

Bullish indications continue. Despite strength of low priced shares. Signs of immediate setback are lacking. War news only fly in ointment. Stops still in force.

By WALTER WHYTE

Despite the conflicting news the market is not behaving badly. Reactions that normally would affect the entire market, are limited to single issues or, at most, groups. Whenever signs of whole hearted reaction begin cropping out the market goes into a cataleptic state and most activity ceases. What volume there is seems to come out on strength. Little of it carries over into weakness.

* * *

How long such a condition will continue is a problem to which I don't know the solution. I do know that so long as strength continues it is the wise thing to stay with them.

* * *

I have before me a market letter which says in part that the abnormal activity in low priced shares should invite greater caution. It then goes on to say that the long term view remains "promising" because of military and business reasons. Both these arguments, paradoxical as they are, may prove right. But insofar as low priced shares are concerned I have seen too many cases where the dogs of yesterday became the blue chips of today. And contrariwise, the blue chips of yesterday became the homeless mongrels of today.

* * *

If there is anything true of the stock market and the stocks that are part of it, it is the truism that the market is never static. It is constantly in a state of flux. What applied to a world of yesterday need not apply to a world of today or tomorrow. Companies which a few years ago were selling in the market for anything they could bring are today loaded with orders that keep them working three shifts a day. Whether their stocks are worth more today is a question the market is constantly trying to solve.

I firmly believe that a stock which sold at $2 a share a couple of weeks ago, now selling at say $5, is worth $5 and no more. If it goes to $10 it is worth $10. If it goes back to $2, that's all it's worth. Involved statistics to prove certain issues are too cheap or too high are meaningless. Every stock is worth what it is selling for, no more, no less. A public anxious to buy a stock may mark it up. If so that's what it's worth. To look ahead and give empirical reasons for a possibility which no one really knows anything about is not only futile. It's poor market practise.

* * *

The market in its own action determines price, not value. Value is something else. Value is something mysterious based on hope. And when you take to putting good money on hope, brother, you are in for grief.

* * *

When you buy a stock because the company back of it is doing a good business and from what you read, you expect the business to stay good, or even get better, you are applying the law of motion which in effect states that a moving body will continue to move. But the market is no respecter of laws, physics or otherwise. Even the so-called law of supply and demand has little place in market action.

* * *

At best the market is a mirror or a crystal ball that reflects and foresees events that will affect it. Some people are fortunate enough to be able to recognize some of the things the market tries to reflect, or anticipate. Those need no guidance from this column.

* * *

Among the things that have an effect on markets is the world of tomorrow. Right now the majority opinion as expressed in market action seems to feel this world of tomorrow will be essentially the same as the one of yesterday. Perhaps they are right. But let a sudden breakdown occur in the market and all is changed again. For the market-minded, the end all of all philosophies is in market action as the only yardstick to follow. And so long as this action continues good so long should stocks be held, or

(Continued on page 661)

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

There has been a notable quickening of interest in the bonds of St. Louis-San Francisco in recent weeks, with most of the issues selling to new 1942-1943 highs. There are presumably three main considerations leading to the increasing speculative. For one thing, the original Interstate Commerce Commission plan was rejected by the District Court last year and it is generally expected that any revised plan will provide for more liberal treatment of the various old liens. Secondly, cash position of the company, and the prospects for a continued high rate of earnings, warrant the expectation of fairly liberal interest treatment in 1943. Finally, it is believed that even with liberal interest payments there should be a sufficient cash balance to allow the company, if it so desires, to ask for tenders of one or more of the outstanding issues. Such action would presumably strengthen the chances of even more liberal allocation of new fixed interest bonds to the remaining old bonds outstanding.

When the District Court rejected the Commission's reorganization plan for the 'Frisco last year it was with admitted reluctance, but on the finding that new first mortgage fixed interest bonds which should equitably have been allocated to holders of the prior lien and consolidated mortgage bonds were assigned to the claims of the RFC and the RCC. The amount involved is slightly more than $7,000,000, and it is expected that the treatment of the prior lien and consolidated mortgage bonds would be improved to this extent in a revised plan. Proportionately, this would make a wide difference as the aggregate of new first mortgage bonds in the original ICC plan allocated to prior lien and consolidated mortgage bondholders amounted to only about $37,500,000. Under that plan the prior lien 4s were given $146 in new first 4s, the prior lien 5s were given $154, the consolidated 4½s, $169, and the consolidated 6s, $185. The balance of claims were met in junior securities. The controversy will probably not be resolved for some time as the case is being appealed to the higher courts by the RFC.

In the meantime, the whole picture is improving, and should continue to improve, by virtue of the use of cash released from the boom earnings. Last year the company, aside from interest payments, paid off the principal of the two Kansas City Memphis & Birmingham bonds, in the aggregate amount of $6,506,000. In the reorganization plan these liens were to remain undisturbed as to mortgage, and with interest at the rate of 4% as a fixed charge. This retirement should permit more liberal treatment of the Kansas City Fort Scott & Memphis 4s, 1936, which had a second lien on the valuable property, and this would carry through to the consolidated 4½s and 6s which have about 45% of the Fort Scott issue pledged behind them. If the company were to devote as much money to debt retirement, through tenders, this year as it did in retiring the Kansas City Memphis & Birmingham bonds last year, it would be possible to retire more than a third of the publicly held Fort Scott bonds. This would in turn make possible further betterment of the treatment of the remaining bonds of that issue, and perhaps all of the outstanding 'Frisco issues.

Another factor favoring the speculative potentialities of the 'Frisco bonds is that inasmuch as the plan has been rejected the company is in a position to use cash more freely (subject to court approval) than is the case where plans have been approved and interest distributions must generally be limited to accruals on bonds provided in the plan. Last year, payments on the Fort Scott bonds amounted to $129 per $1,000 bond on account of back interest. Accruals as of April 1, 1943, will amount to $191.94 per bond, and it should be possible to liquidate this entire accumulation in 1943. Interest payments on the poorer liens last year were as follows: Prior lien 4s, $34.68; prior lien 5s, $40.54; consolidated 4½s, $39.84, and consolidated 6s, $48.05. It is generally expected that the 1943 distributions will be at least this large, with chances favoring even heavier payments. As a high level of earnings appears assured over the visible future it seems likely that a very substantial portion of the present market prices will work out in cash payments even before reorganization.

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San Francisco Clearing House Elects Officers

At the 67th annual meeting of the San Francisco Clearing House Association, held on Feb. 9, the following officers were reelected: President, C. K. McIntosh, Chairman, The Bank of California, N. A.; Vice-President, J. K. Lochead, President, American Trust Co.; Secretary, R. R. Yates, Vice-President, Bank of America N. T. & S. A.

As members of the Clearing House Committee the following were elected: C. K. McIntosh (Ex-officio); J. K. Lochead (Ex-officio); L. M. Giannini, President, Bank of America N. T. & S. A.; G. J. Kern, Vice - President, Crocker First National Bank; R. B. Motherwell, President, Wells Fargo Bank & Union Trust Co.; W. H. Thomson, President, The Anglo California National Bank.

The Manager of the San Francisco Clearing House is Russell W. Schumacher and the Assistant Manager is Howard H. Huxtable.

The total clearings of the San Francisco Clearing House for the year 1942 were $11,336,875,997, an increase of 19.52% over 1941, when clearings amounted to $9,485,190,388. The total balances for 1942 were $5,615,549,493, compared with $3,928,409,609 in 1941, an increase of $1,687,139,884. The average daily clearings for 1942 totaled $37,915,973, against $31,617,301 in 1941, an increase of $6,298,671, while the average daily balanees for 1942 were $18,781,102, compared with $13,094,699, an increase of $5,686,403.

RR Bond Letter Available

Leroy A. Strasburger & Co., 1 Wall Street, New York City, have copies of their February Railroad Bond Letter available for dealers, showing the net operating income for all main railroad lines, both for the month of December and also for the year 1942. Copies of the "Letter" are available upon request from Leroy A. Strasburger & Co.

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Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

There are many reasons why the shares of leading fire insurance companies attract the conservative investor. Among them we mention: the fundamental nature of insurance, the wide diversification of risk, the excellent managerial record, the long history of dividend payments, the constructive dividend policy of leading companies, and the maturity of the business.

In a recent issue of Best's Insurance News a list is presented of 24 stock fire insurance companies which operate in the United States and whose origins date back one hundred years or more. The shares of 13 of these companies are widely held, actively traded, and are quoted in leading newspapers. It seems worthwhile to study the history of these as to age, dividend record, and earnings.

Company—	Year of Origin	Age	Unbroken Div. Record to 1943	% of Age
Aetna Insurance	1819	124	70	56.5
Camden Fire	1841	102	69	67.5
Fire Association	1817	126	71	56.5
Franklin Fire	1829	114	112	98.5
Hartford Fire	1810	133	70	52.5
Insurance of North America	1792	151	69	45.5
New Brunswick	1832	111	15	13.5
New York Fire	1832	111	9	8.0
North River	1822	121	105	87.0
Providence Washington	1799	144	36	25.0
Security (New Haven)	1841	102	49	48.0
United States	1824	119	33	27.5
Westchester Fire	1837	106	72	68.0
Average		120	60	50.0%

The oldest company in the group is Insurance Company of North America, now in its 151st year; the youngest are Camden and Security of New Haven, each now in its 102nd year. The average age of the 13 is 120 years, and the average length of uninterrupted dividend payments is sixty years.

It will be noted that the unbroken dividend record is anything but uniform. Franklin leads the list with 112 years, or 98.5% of age; runner up is North River with 105 years, or 87.0% of age. At the foot of the list is New York Fire which paid no dividend in 1932 and 1933, and above it, New Brunswick which paid none in 1926 and 1927.

It is of interest also to consider dividends in relation to earnings. The general policy of most fire insurance companies has been to pay dividends out of net investment income alone, and to retain in the business all underwriting profits and a fraction of investment income. As a result of this policy the companies have been enabled to build up a very strong capital funds position and to broaden their earnings base in a very striking manner. In order to illustrate this, however, it is neither feasible, nor necessary to go back into ancient history; hence, the tabulation presented below covers the period 1925 to 1941, both years inclusive. Figures for 1942 are not yet available.

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Company—	Total Divs.	Total Net Inv. Inc. (000 Omitted)	Total Net Und. Profits	Div. Coverage	Tot. Retain. In Business (000)
Aetna Insurance	$22,125	$27,272	$9,720	1.67	$14,867
Camden Fire	6,395	8,411	2,846	1.76	4,862
Fire Association	10,985	14,199	1,504	1.43	4,718
Franklin Fire	11,400	12,815	6,624	1.71	8,039
Hartford Fire	42,860	47,619	26,519	1.73	31,278
Insurance of Nor. Amer.	45,724	53,694	20,916	1.63	28,886
New Brunswick	1,980	2,760	1,261	2.03	2,041
New York Fire	1,766	2,835	—138	1.53	931
North River	11,820	14,914	5,901	1.76	8,995
Providence Washington	7,435	9,959	4,985	2.01	7,509
Security (New Haven)	4,301	6,263	982	1.68	2,944
United States Fire	15,690	20,781	11,750	2.07	16,841
Westchester Fire	8,509	10,802	2,115	1.52	4,403
Totals	$190,990	$232,324	$94,985	1.71	$136,319

An examination of the figures presented discloses some interesting points. In the first place it will be noted that investment income is of far greater importance to the companies than are underwriting profits. In the aggregate it totaled for the period 2.45 times the latter. It is also important to observe that each company in the group covered dividends by investment income alone, without any aid from underwriting profits. (It must not be overlooked, however, that premium income constitutes the major source of investment funds.) For the group, dividends were earned during the 17-year period 1.22 times by net investment income.

Some companies have had a less profitable underwriting experience than others, as one might expect. New York Fire, for instance, shows a net loss over the period, while Fire Association, Security and Westchester show relatively low profits in relation to investment income. On the other hand, Franklin, Hartford and United States Fire experienced underwriting profits in excess of 50% of net investment income, which is considerably better than average.

Coverage of dividends by combined net investment income and net underwriting profits for the group is 1.71, and varies between a high of 2.07 for United States Fire and a low of 1.43 for Fire Association.

It is now of interest to examine the effect of this conservative dividend policy, whereby 42% of net operating profits are ploughed back into the business. The effect on capital funds, i.e., capital and surplus, is quite pronounced. On Dec. 31, 1925 total capital funds of the 13 companies aggregated $125,316,000; on Dec. 31, 1941 they aggregated $277,188,000; the increase is $151,872,000. Of this increase only about $30,000,000 represents paid-in capital and surplus; the balance, amounting to $121,872,000, represents mainly earned surplus ploughed back into the capital funds of the companies. It will be noted how closely this approximates the $136,319,000 of earnings in excess of dividends. Another factor which enters in is the difference in market value of stocks and bonds on the respective dates.

These augmented capital funds have permitted the companies to enlarge their investment portfolios and to write an increasing volume of business. In 1925 the net investment income of the 13 companies aggregated $11,226,000 and in 1941, $15,945,000, an increase of 42%. Premium volume, exclusive of Hartford Fire, aggregated $122,469,000 in 1925 and $139,676,000 in 1941. Hartford Fire, for some obscure reason, shows a decline in premium volume from $61,649,000 in 1925 to $46,587,000 in 1941.

It is significant that the growth in premium volume of approximately 14% for the 12 companies has been achieved in the face of a steady decline in average fire premium rates from 97¢ in 1925 to 65¢ in 1941, a reduction of 33%.

Since leading fire insurance companies are maintaining their conservative dividend policies, and are today still ploughing back all underwriting profits plus a portion of net investment income into earned surplus, the continuation of their sound growth for an indefinite period would appear to be assured.

Bank, Fire & Casualty Stocks Attractive

The basic position of commercial banks in the nation's economic life is reaffirmed by the results for the year 1942, according to an attractive folder just issued by Mackubin, Legg & Co., 22 Light St., Baltimore, Md., members of the New York Stock Exchange, discussing the attractive outlook for these securities. Copies of this interesting folder outlining the situation in detail may be had from Mackubin, Legg & Co. upon request.

Also available from the firm is an interesting circular on fire and casualty companies and the Mackubin, Legg Insurance Stock Index for 1942.

Southwestern Bonds Have Attractive Possibilities

According to a circular just issued by McLaughlin, Baird & Reuss, One Wall St., N. Y. City, members of the New York Stock Exchange, Missouri, Kansas, and Texas bonds offer interesting possibilities at the present time. Copies of the circular may be had upon request from McLaughlin, Baird & Reuss.

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Reserve Liability of Prop.	8,780,000
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Aggregate Assets 30th Sept., 1941	£150,939,354

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The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea and London, it offers the most complete and efficient banking service to investors traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
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Agency arrangements with Banks throughout the U. S. A.

**NATIONAL BANK
of EGYPT**
Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL	£3,000,000
RESERVE FUND	£3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.

*Branches in all the
principal Towns in*
EGYPT and the SUDAN

Stromberg-Carlson And Federal Screw Interesting

The current situation in Stromberg-Carlson and Federal Screw Works offer attractive possibilities, according to memoranda issued by Herzog & Co., 170 Broadway, New York City, from whom copies may be obtained upon request.

DIVIDEND NOTICES

KENNECOTT COPPER CORPORATION

120 Broadway, New York City

February 16, 1943.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on March 31, 1943, to stockholders of record at the close of business on February 26, 1943.

A. S. CHEROUNY, *Secretary.*

Magma Copper Company

Dividend No. 82

On February 17, 1943, a dividend of Fifty Cents per share was declared on the capital stock of Magma Copper Company, payable March 15, 1943, to stockholders of record at the close of business February 26, 1943.

H. E. DODGE, *Treasurer.*

Newmont Mining Corporation

Dividend No. 58

On February 17, 1943, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable March 15, 1943 to stockholders of record at the close of business February 26, 1943.

H. E. DODGE, *Treasurer.*

DIVIDEND NOTICES

DIVIDEND NOTICE

ALLIS-CHALMERS MANUFACTURING COMPANY

Common Dividend No. 75

A dividend of twenty-five cents ($0.25) per share on the common stock, without par value, of this Company has been declared, payable March 31, 1943, to stockholders of record at the close of business March 8, 1943.

Transfer books will not be closed.

Checks will be mailed.

W. E. Hawkinson, *Secretary-Treasurer.*

February 10, 1943.

AMERICAN CYANAMID COMPANY

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on February 16, 1943, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable April 1, 1943 to the holders of such stock of record at the close of business March 12, 1943.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on February 16, 1943, declared a quarterly dividend of fifteen cents (15¢) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable April 1, 1943 to the holders of such stock of record at the close of business March 12, 1943.

W. P. STURTEVANT,
Secretary.

THE BUCKEYE PIPE LINE COMPANY

26 Broadway

New York, February 2, 1943.

A dividend of Twenty (20) Cents per share has been declared on the capital stock without par value of this Company, payable March 15, 1943, to stockholders of record at the close of business February 26, 1943.

J. R. FAST, Secretary.

A. HOLLANDER & SON, INC.

HOLLANDER DYED FURS

Common Dividend

A dividend of 25c per share on the Common Stock has been declared payable March 15, 1943, to stockholders of record at the close of business on March 5, 1943. Checks will be mailed.

ALBERT J. FELDMAN, Sec.

Newark, N. J.
February 15, 1943.

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the Company's capital stock, payable March 15, 1943, to stockholders of record at the close of business March 1, 1943.

H. F. J. KNOBLOCH, Treasurer.

UGI

The current quarterly dividend of $1.25 per share on $5 Dividend Preferred Stock and a **dividend of 10 cents** per share on Common Stock have been declared, payable March 31, 1943, to respective holders of record February 26, 1943.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
January 26, 1943 Philadelphia, Pa.

To the Holders of
VOTING TRUST CERTIFICATES
for Capital Stock of

United Air Lines Transport Corporation

Notice is hereby given that United Air Lines Transport Corporation has declared a dividend of 50c per share on its Capital stock, payable March 1, 1943 to stockholders of record February 19, 1943. Holders of outstanding Voting Trust Certificates for Capital stock of United Air Lines Transport Corporation, issued under Voting Trust Agreement dated July 23, 1934, are strongly urged to promptly surrender their Voting Trust Certificates to City Bank Farmers Trust Company, 22 William Street, New York, N. Y., as Agent for the Voting Trustees, in order to receive their dividend and the shares of Capital stock of United Air Lines Transport Corporation to which they are entitled.

The present holders of record of Voting Trust Certificates are those persons who acquired them either upon surrender of Common stock of United Aircraft & Transport Corporation pursuant to the reorganization of that Corporation effected in 1934, or by purchase and transfer prior to July 22, 1936, on which date the Voting Trust Agreement expired, and who have failed to respond to previous notices to exchange such Voting Trust Certificates for certificates of Capital stock.

A form of letter of transmittal to be used in exchanging Voting Trust Certificates for Capital stock may be obtained from City Bank Farmers Trust Company, upon request.

MARTIN C. ANSORGE
JOSEPH P. RIPLEY
SUMNER SEWALL
As Voting Trustees under Voting Trust Agreement of United Air Lines Transport Corporation dated July 23, 1934.

United Air Lines Transport Corporation
by P. M. WILLCOX, Secretary
Chicago, Illinois, February 15, 1943.

The Securities Salesman's Corner

NO DAY'S WORK IS WASTED!

Selling securities is **building** your own business. It is a **process** of construction. The same rules apply to the building of a clientele as to the construction of any other worthwhile and lasting thing that is the outgrowth of creative effort. Build a house—days and weeks of labor go into the foundation, the side-walls, the roof, and all the various pieces and parts that taken together make a home. Each day's work adds a bit more to the uncompleted structure that eventually evolves into a "place where people live."

You may say, what has this to do with selling securities or "building a clientele?" There are days (we all have them) when we go out to see a certain number of investors—some of them we possibly know and some we don't. We make our calls, we complete a few interviews, some are unable to see us or are not in when we called, and at the end of the day we are prone to say to ourselves—just what did we accomplish today? If we were to look at each day's effort standing alone it is true that such days as these show very little in the way of actual return for the expenditure of our energies.

But each day's work does not stand alone. One of the main reasons why constructive effort, diligently applied, day after day, in this business will always bring eventual success, is that **Every Time We Complete A Sale It Is Directly Due to the Past Effort Expended (When We Couldn't See the Immediate Results) That Paved the Way For the Business We Do Today.** We should never lose sight of this fundamental law—it will insure the success of any salesman who applies it to his daily work. **No day's work stands alone**—day after day, do your best, put in your most intelligent and conscientious efforts. Call on your clients and your prospects, meet them half way; find out what **they** are interested in, talking about and the problems they wish to solve. Be friendly, alert and carry your head high—conscientiously strive to do a good investment job for your clients and prospects and by your actions and the things you say, prove to them that you are sincere and the law will assure your success.

This may sound somewhat like a bit of "preaching" or an old-fashioned "pep-talk" that we salesmen used to have to sit and listen to in the olden days when high-pressure sales managers would tell us how to "go out and do it," while they sat behind their desks and collected their over-ride. We certainly don't believe any salesman in this business needs any preaching today to make him a success in his job. It is only because we ourselves are often reminded of how important it is to keep our own eye on the eventual, longer range, view of this business that we concluded that this subject was worthwhile bringing up in this week's column.

One day last week we started out to call on about a dozen people whom we had never met before. We had a darn tough day, to put it mildly. Our names, taken from an office list were not only "cold," but many had moved away. Four o'clock in the afternoon came along and the fellow who writes this week's "corner" was just about fed up enough to call it a day. Then we remembered that there was someone we could call upon that we had **visited several times during the past year.** We did call and he was home. He was glad to see our blue nose and our frosty smile. He had some cash for investment and we offered him something he liked. We went home with a new customer and a good day's pay in our pocket. **But It Was All the Other Days Just Like the One We Had That Day, That Taken All Together, Made That Sale and That New Account A Reality.**

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Howard C. Linsz** has become associated with **George I. Griffiths & Co.**, Union Commerce Building. Mr. Linsz was formerly with Hornblower & Weeks.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Frank Brown Hesson** has become associated with **Sills, Troxell & Minton, Inc.**, 209 South La Salle St. Mr. Hesson was formerly with A. C. Allyn & Co. and prior thereto with Bond & Goodwin, Inc.

(Special to The Financial Chronicle)

DETROIT, MICH. — **Harry H. Jones**, formerly with Cray, McFawn & Co., has become affiliated with **E. H. Rollins & Sons, Incorporated**, Penobscot Building.

(Special to The Financial Chronicle)

EAU CLAIRE, WIS.—**Ralph H. Utegaard**, previously with Paine, Webber & Co., has become affiliated with **Holley, Dayton & Gernon**, S. A. F. Building.

(Special to The Financial Chronicle)

FT. WAYNE, IND.—**Percy G. Olds** is now with **J. E. Allen McMeen**, Old First Bank Building. Mr. Olds was formerly with G. Ward Beers & Co.

(Special to The Financial Chronicle)

FRESNO, CALIF.—**Andrew W. Quinn** is now with **Schwabacher & Co.**, Bank of America Building.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH.—**Raymond H. Renehan** has joined the staff of **King, Wulf & Co.**, Michigan National Bank Building. Mr. Renehan was formerly with McDonald, Moore & Hayes, Inc., and Harper, Wegusen & Yonkman.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Louise L. McCall** is affiliated with **Barbour, Smith & Co.**, 210 West Seventh Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Dorothy Copeland** has been added to the staff of **Crowell, Weedon & Co.**, 650 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Paul N. Hofacker** has joined the staff of **Hopkins, Hughey & Co.**, 609 South Grand Avenue.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Dorothy Strasburg** is now with **William R. Staats Co.**, 640 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Clyde Marsh** has been added to the staff of **H. R. Baker & Co.**, Bank of America Building.

(Special to The Financial Chronicle)

MARQUETTE, MICH.—**Walter H. Steere**, previously with Allman, Everham & Co. and Cray, McFawn & Petter, has become connected with **Baker, Simonds & Co.**, Buhl Building, Detroit, Mich.

MINNEAPOLIS, MINN.—**John H. Middlemist** is now associated with **Piper, Jaffray & Hopwood**, 115 South Seventh St. Mr. Middlemist was previously with Wells-Dickey Company for many years.

(Special to The Financial Chronicle)

QUINCY, ILL.—**E. J. Carson**, previously with Straus Securities Co. for several years, has become associated with **Slayton & Co.**, Illinois National Bank Building.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**William F. Sullivan** is now with **Southeastern Securities Corp.**, Florida National Bank Building. Mr. Sullivan previously was with Guaranty Underwriters, Inc., and Robson, Link & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **R. E. Holmes** has become affiliated with **Davies & Co.**, Russ Building. Mr. Holmes was formerly with Bankamerica Company and in the past was Oakland manager for Elworthy & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Burton L. Smith** and **Henry I. Sound** have been added to the staff of **H. R. Baker & Co.**, Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **John D. O'Connell** has become associated with **Sutro & Co.**, 407 Montgomery Street. Mr. O'Connell previously was with E. F. Hutton & Co.; in the past he was a partner in Monasch & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **William Herlitz**, formerly with Dean Witter & Co., has joined the staff of **Walston, Hoffman & Goodwin**, 265 Montgomery Street.

(Special to The Financial Chronicle)

SHEBOYGAN, WIS. — **Otto F. Kaufmann, Jr.**, and **Edward R. Mayr** have become associated with **Heronymus, Ballschmider & Co.**, Security National Bank Building. Both were formerly with the local office of Francoeur, Moran & Co. for many years.

Godfrey Simonds To Be G. H. Walker Partner; To Head New Branch

G. H. Walker & Co., members New York Stock Exchange, will enter the investment banking field in New England on March 1 through the establishment of a new organization in Providence, R. I., headed by Godfrey B. Simonds, formerly President of Bodell & Co., Inc. The opening of this New England office will considerably augment the services of the Walker organization which presently maintains offices in New York and St. Louis.

Mr. Simonds, who is Co-Chairman of the U. S. Victory Fund in Rhode Island, will become resident partner and operating executive of the Providence office of G. H. Walker & Co. Associated with Mr. Simonds in his new connection will be the following former Rhode Island officers and representatives of Bodell & Co., Inc.: Robert H. Smith, Charles E. Spooner, Harold H. Young, Howard W. Wilson, Gordon E. Cadwgan, Gilbert M. Mears, Oscar E. Skinner, Jr., Lt. U.S.N.R. (on leave of absence), Edward H. Winsor, W. Rowland Harrall, Richard M. Moulton, Newman T. Sleeper, Charles E. Spooner, Jr., W. Ronald Gill, Peter Van I. Burnett, William J. Toy, R. Gordon Judd, Capt. Clarke Simonds, U. S. Army Air Force (on leave of absence).

Because of war conditions, Bodell & Co., Inc., plans to suspend its business of dealing in securities, and members of the organization in New York, New Haven and Hartford will not be associated with G. H. Walker & Co.

The Walker firm was established in 1900 and is well known in mid-western and New York financial circles. Members of the firm include: G. H. Walker, Capt. G. H. Walker, Jr. (on leave of absence), Lt. James W. Walker, U.S.N.R. (on leave of absence), William H. Bixby, H. Prenatt Green, James H. Wear, John J. Nolan, R. H. Matthews, Capt. James Bush (on leave of absence), James C. Ward (on leave of absence), Thatcher M. Brown, Jr., and Cheston Simmons. Allen T. West and Loulie W. Walker are special partners.

Mr. West is a brother of the late Thomas H. West, former President of the Rhode Island Hospital Trust Co. Mr. Green is a member of the Board of Governors of the New York Stock Exchange.

Appointed Directors

Charles Plohn, partner in Newborg & Co., N. Y. City, members of the New York Stock Exchange, and David F. Kemp have been named directors of the Vadsco Sales Corporation.

AFFILIATED
Fund, Inc.

Prospectus on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

Salesmanship And The SEC

When the sales manager of an investment company is "cold-shouldered" by an important dealer with whom he is trying to establish business relations, what does he do? Does he get mad and give the dealer a piece of his mind? Does he go around telling all his friends what a "So-and-so" that dealer is? Or does he accept the rebuff as a challenge to his ability as a salesman—and then redouble his efforts to "sell" the dealer on the benefits **he** will get from the relationship?

To every successful sales manager in the investment company field—or in any other field—the answer is elementary. You don't sell a product by antagonizing the prospect. And you don't get anywhere by going around knocking people—either your competitors or the prospects you didn't "sell." Instead, you try to get the other fellow's angle. You ask: How is what I have to offer going to benefit **him?**

The other day this writer heard a successful business executive put the blame for bad relations with the Government not on the "Washington bureaucrats" but on business itself. Said he: "I can't understand how American business men who are so intelligent in selling their products to the people can be so dumb in their relationships with the Government." This man had just completed a 17-month stretch in a key war agency post in Washington. There, despite considerable exasperation, he had been able to get the other fellow's angle.

While this column would find it difficult to agree with the thesis that business in general and that investment companies in particular could have made much progress in improving their relations with the Government in the past with the bureaucrats in such an arrogant frame of mind, it does believe that the whole complexion of things is changing now that the bureaucrats realize that their past destructive attitude must change, and change quickly, or Congress, sensing the temper of the people, will oust them altogether and consequently it does believe that at this stage business men could do much to improve those relations. Concerning relations between the investment company field and the SEC, it is believed that not only can such improvement be substantial, but that now is the time for investment company executives to initiate steps toward this goal.

Any moves in this direction, to be successful, must be predicated on the assumption (1) that "there will always be an SEC" (whether it be so or not) and (2) that in the long run it is essential for the SEC to have satisfactory working relationships with the fields of business which come within the scope of its jurisdiction. Without such relationships, that agency must now know that it is likely to become a target of every conservative Congress that comes into office. Reduced appropriations, changes in personnel, administrative difficulties would at least be the inevitable result.

In fact, the temper of the present Congress has already pointed the way toward just such developments. Anyone who has spent much time at the offices of the SEC recently can sense an acute awareness of this trend—and, incidentally, a belated recognition of the agency's own past mistakes. For the first time in its existence the SEC is on the defensive.

How long it will be forced to remain on the defensive is anyone's guess. But for investment company leaders to simply stand up and cheer at the turn of events would be to overlook a great opportunity. For, until a "satisfactory working relationship" is achieved, both the industry and the agency will be the loser while Congress tolerates the existence of the SEC. And in a contest with the Government it is quite clear from the record who at this stage stands to lose the most.

This writer has the highest regard for the ability of investment company managers to sell their merchandise to the public. In spite of many kinds of difficulties they are doing an excellent job. Now they should make the same kind of constructive sales effort in the important task of "selling" their industry to the Government.

INCORPORATED INVESTORS

Prospectus may be obtained from authorized dealers, or

The PARKER CORPORATION
ONE COURT ST., BOSTON

Municipal News & Notes

The statement made in this space last week regarding the prospects that further liquidation on the part of certain institutions would undoubtedly serve to offset in important degree the war-induced decline in new capital municipal borrowings appears to have been highly justified in light of developments on Tuesday of this week. These included the sale by the Prudential Life Insurance Co., Newark, of $13,301,000 Chicago, Ill., waterworks system certificates of indebtedness to a banking group for redistribution and the disposal by the Williamsburg Savings Bank of Brooklyn of $5,000,000 bonds of early maturities, largely to local commercial banks.

The Chicago water certificates, bearing interest rates of 2%, 2¼% and 2½%, were acquired by a syndicate headed by Halsey, Stuart & Co., Inc., and Blyth & Co., Inc. They mature serially from 1949 to 1960 inclusive, and were reoffered by the group at prices to yield from 1.25% to 2.10%. The certificates are valid and legally binding obligations of the city, payable solely from revenues of the waterworks system.

The underwriting group consisted of 35 investment firms, and in addition to the above-mentioned two principals other members of the account included the following: Harriman Ripley & Co., Inc., Smith, Barney & Co., First Boston Corp., Blair & Co., Inc., and Lazard Freres & Co.

The Chicago water certificates, incidentally, have always enjoyed a high credit rating, and this fact, together with the current strength of the municipal market, was clearly reflected in the strong demand which prevailed for the securities upon reoffering.

Arizona Bill To Permit Local Utility Purchases

Enlargement of the scope of the present municipal revenue act to permit municipalities to purchase utility systems besides water projects is provided for in a bill introduced recently in the State Legislature. The new measure also eliminates the existing provision prohibiting the issuance of bonds for waterworks acquisitions after March 1, 1943. Under the new measure, the City of Tucson would be permitted to issue bonds for purchase of the Tucson Gas, Electric Light & Power Co. It would also apply to the City of Phoenix, which is understood to be interested in the purchase of the Central Arizona Light & Power Co.

Utility undertakings is defined in the new bill to mean "Any one or combination of the following: electric light or power, water, sewer, gas, garbage or rubbish plant or system, together with all parts thereof and appurtenances thereto, including, but not limited to, disposal treatment, and reduction plants, buildings, incinerators, dams and reservoirs." These may be within or without the corporate limits and may include construction, improvement, reconstruction, extension, operation, maintenance, and acquisition by gift, purchase or the exercise of the right of eminent domain of any utility undertaking.

Iowa To Redeem Primary Road Bonds On May 1

The Iowa State Highway Commission has issued a call for the redemption on May 1 of $2,750,000 primary road bonds of seven counties. The bonds being called, which actually mature 1948-50, consist of the following: Buena Vista County, $600,000; Calhoun County, $550,000; Cherokee County, $500,000; Humboldt County, $400,000; Ida County, $200,000; Lyon County, $250,000, and Sac County, $250,000. Although the bonds are general obligations of the counties they are actually serviced from funds allocated to them from the State primary road fund.

$7,000,000 Seattle Bonds Feature Week's Offerings

Award of $7,000,000 Seattle, Wash., 2½% municipal light and power revenue bonds to a syndicate headed by Blair & Co., Inc., New York, and including, among others, John Nuveen & Co., Lee Higginson Corp. and B. J. Van Ingen & Co., Inc., was the central feature of last week's market activity. Although purchased from the city via sealed bid route on Feb. 10, the bonds were not formally offered by the successful group until Feb. 15. The obligations, which mature serially from 1954 to 1970, and are callable beginning Jan. 1, 1948, were re-offered from a yield of 2.10% to a dollar price of 98, depending on maturity. A substantial part of the issue had already been disposed of by the underwriters prior to the formal offering.

New York State To Issue $12,000,000 Bonds

In connection with the recent Assembly approval of a bill empowering the issuance of State bonds for less than the present 40-year maturity term, State Comptroller Frank C. Moore, who sponsored the measure, estimated that its enactment would result in a saving of $2,500,000 in interest charges on a forthcoming $12,000,000 bond issue.

N. Y. City Housing Unit To Retire Original Bonds

Edmond B. Butler, Chairman, announced the Authority has called for payment the outstanding bonds which covered the cost of six low-rent public housing projects previously completed and occupied. Holders of the bonds were advised that funds for their redemption had been deposited with the fiscal agent, the Bankers Trust Co., 16 Wall Street, New York City. The bonds being called are to be replaced by a new issue of $37,580,000 series A refunding bonds sold to the public on Jan. 11, 1943, and $6,543,000 of series B bonds sold to the Federal Public Housing Authority:

Mr. Butler stated: "Through the sale of $37,580,000 refunding bonds to the public, the Authority was able to revise, on an extremely favorable basis, the debt structure of the first six of its Federally-aided projects. This operation has enabled the Authority to effect a saving in interest cost of approximately $15,375,000."

The series A refunding bonds were sold to a banking syndicate of about 63 banks, headed by Lehman Bros., Blyth & Co., Inc., Phelps, Fenn & Co., R. W. Pressprich & Co., and Goldman, Sachs & Co., at an average net interest cost of 2.1286% per annum.

Mr. Butler also stated: "This sale of $37,580,000 series A bonds to the banking public is the largest issue of Housing Authority bonds ever sold by a single Housing Authority. It is a culmination of the continuous growth of confidence of the banking community in Housing Authority bonds. Under the U. S. Housing Act of 1937, which provided financial assistance for low-rent public housing projects, it was contemplated that 90% of the loan funds would come from the Federal Government and 10% from private financial resources.

"This refunding indicates that public housing and public housing finance has arrived at a point where this ratio may be practically reversed. In fact, these refunding bonds, plus privately-held bonds already paid, will constitute almost 90% of the total loan originally required to finance the six projects."

Vermont Would Refund Maturing Flood Bonds

Refunding of $425,000 flood bonds of 1927 maturing in the fiscal year ending June 30, 1944, in order to provide additional funds in that amount toward highway maintenance, is proposed in a bill now before the Legislature. The refunding bonds would mature in 1949, the year after the rest of the flood retirement payments are completed.

Florida Supreme Court Ruling In City Limits Case

A decision rendered late in December by the Florida Supreme

Interest exempt, in the opinion of counsel, from all present Federal Income Taxes, under existing statutes and interpretations thereof.

$13,301,000

City of Chicago, Illinois

2%, 2¼% and 2½% Water Works System Revenue Certificates of Indebtedness

Due variously January 1, 1949 to 1960, inclusive

These Certificates, in the opinion of counsel, constitute valid and legally binding obligations of the City of Chicago, payable solely from revenues derived from the water works system of the City and not otherwise. The City covenants to maintain rates for water sufficient to pay the cost of maintenance and operation of the system and to pay the principal and interest upon all outstanding certificates and bonds, and pledges that such rates shall not be reduced while any certificates or bonds remain unpaid.

Prices to yield 1.25% to 2.10%

These Certificates are offered subject to our receipt. Legality approved by Messrs. Chapman & Cutler, Chicago, whose opinion will be furnished upon delivery. The offering circular may be obtained in any State in which this announcement is circulated from only such of the undersigned as are registered dealers and are offering these securities in compliance with the securities law in such State.

HALSEY, STUART & CO. INC.
BLYTH & CO., INC.
HARRIMAN RIPLEY & CO. INCORPORATED
SMITH, BARNEY & CO.
THE FIRST BOSTON CORPORATION
BLAIR & CO. INC.
LAZARD FRERES & CO.
PHELPS, FENN & CO.
HARRIS, HALL & COMPANY (INCORPORATED)
STONE & WEBSTER AND BLODGET INCORPORATED
R. W. PRESSPRICH & CO.
KIDDER, PEABODY & CO.
PAUL H. DAVIS & CO. CHICAGO
F. S. MOSELEY & CO.
ESTABROOK & CO.
B. J. VAN INGEN & CO. INC.
PAINE, WEBBER, JACKSON & CURTIS
L. F. ROTHSCHILD & CO.
HEMPHILL, NOYES & CO.
EQUITABLE SECURITIES CORPORATION
BACON, STEVENSON & CO.
OTIS & CO. (INCORPORATED)
BRAUN, BOSWORTH & CO. TOLEDO
ELDREDGE & CO. INCORPORATED
KEBBON, McCORMICK & CO.
THE MILWAUKEE COMPANY MILWAUKEE
ROOSEVELT & WEIGOLD INCORPORATED
THE ILLINOIS COMPANY OF CHICAGO
FIRST OF MICHIGAN CORPORATION
HAYDEN, MILLER AND COMPANY CLEVELAND
MARTIN, BURNS & CORBETT, INC. CHICAGO
MULLANEY, ROSS & COMPANY CHICAGO
BACON, WHIPPLE & CO. CHICAGO
A. WEBSTER DOUGHERTY & CO. PHILADELPHIA
FARWELL, CHAPMAN & CO. CHICAGO

Principal and semi-annual interest payable in New York City or in Chicago. Coupon Certificates in the denomination of $1,000, registerable as to principal only. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

February 18, 1943.

Court, in a case involving efforts made at Coral Gables to have a substantial amount of property declared outside of city limits, may have the effect of discouraging litigants residing on the fringe of municipalities who seek to absolve themselves of tax obligations. The ruling, it was reported, reversed a Florida trend, traced back to the late '20s, to declare out-of-bounds boom-time annexations. It blocked efforts made at Coral Gables to sever half the municipality south of Bird Road. Had the move been successful, City Attorney Edward L. (Ted) Semple declared, the municipality of Coral Gables would have been given a severe revenue blow, one not easily absorbed.

Minnesota's Highway Debt Reduction Continues

M. J. Hoffman, State Highway Commissioner, has announced that the State trunk highway system's bonded debt will be reduced to $25,220,000 by July 15, at which date $3,901,475 due in principal and interest charges on highway and highway refunding bonds will be met from the department's sinking fund. Mr. Hoffman also said that by the end of March, 1944, only $93,000 of the $34,782,436 in county highway reimbursement bonds assumed by the State would remain to be paid.

State Treasurer Julius A. Schmahl reported that $13,500,000 of funds not immediately required for trunk highway purposes had been invested in series "C" Treasury tax notes in accordance with authority contained in a measure enacted at the present session of the Legislature.

He said that while the notes were callable at any time after six months, the State stood to gain more if the funds remained invested. Interest on the funds for the first six-month period will total $60,000, he said, while at the end of one year the interest would amount to $138,000. Should the funds be left for three years, a total of $530,000 in interest will accumulate.

Federal Tax Burden May Impair State Revenues

State income tax revenues may be affected seriously in 1943 and 1944 by the huge Federal income tax collections called for by the Federal Revenue Act of 1942, the Federation of Tax Administrators reported. Chief reason is the provision found in laws of 25 of the 34 States levying this tax which permits a taxpayer to deduct Federal income tax payments in computing income on which State taxes are due.

Hardest hit this year will be the 23 States permitting deduction of Federal taxes paid now on last year's income; in the two other States the taxpayer may deduct taxes paid during 1942 on 1941 income at the lower rate then prevailing. One State—Wisconsin—has sought to protect herself by allowing deduction of Federal income taxes only up to 3% of individual net income and 10% of net income of corporation.

The Federation pointed out that nine of the 34 income tax States do not permit a general deduction of the Federal tax in computing the State tax, though the Federal income tax law permits deduction of State income tax payments in figuring Federal income tax payments. The effect on total State receipts is slight, however, since the amount of the Federal tax is much greater, the Federation said.

Income tax administrators in 13 States have predicted the effect of the Federal tax program on collections of their State taxes for 1943 and 1944, the Federation said. Seven of these administrators—all but one from States allowing deduction of the Federal tax—predicted increases in their collections ranging up to 30%. Four anticipated 1943 collections at about the same levels as 1942, whereas only two expected increased revenues. All said their 1944 income tax receipts would be lower than 1942. Estimate of one tax administrator for his State is as follows:

	Estimated Decrease from 1942 1943	1944
Revenue from corporation incomes	12%	24%
Revenue from personal incomes---	6%	24%

The decline would be more serious were it not for the continuing increase in taxable income, the Federation said. In the calendar year 1941 the national income was $94,500,000,000, a 22% increase over 1940 income which, in turn, was 13% higher than the previous peak year of 1929. Estimates place 1942 national income at about $115,000,000,000 a further increase of 21½% over 1941. Based on this "war prosperity" income tax collections of most States rose spectacularly, the largest proportional increase being 146% in Arkansas and the largest absolute increase $25,000,000 in California.

The Federation pointed out that other factors are working to depress State income tax collections, notably renegotiation of war contracts, liquidation of many nonessential small and medium enterprises, investment of income in tax-exempt war saving bonds, and limitations of high incomes.

Major Sales Scheduled

The outlook for future activity in the new issues field was considerably improved as a result of the announcement of the proposed sale on March 2 of a group of local Housing Authority bond issues aggregating $24,914,000. The market for instruments of this character is constantly expanding, as was clearly demonstrated in the strong demand which attended the recent offering by the New York City Housing Authority. In addition to the Housing Authority offerings, the calendar also includes several other offerings of $500,000 or more.

February 23

$1,269,000 Albany County, N. Y.

At the last previous sale award was made to a group headed by Kidder, Peabody & Co., New York, and the second high bidder was a syndicate headed by Halsey, Stuart & Co., Inc.

February 25

$750,000 Nassau County, N. Y.

The Franklin Square National Bank of Franklin Square purchased the last previous issue, the second high bid having been submitted by the Graham, Parsons & Co. account.

March 2

$4,100,000	Alley Dwelling Authority, Washington, D. C.
6,000,000	Baltimore City Housing Authority, Md.
7,800,000	Boston Housing Authority, Mass.
2,375,000	Detroit Housing Authority, Mich.
850,000	Jersey City Housing Authority, N. J.
2,800,000	Louisville Housing Authority, Ky.

Alberta Province Bonds Attractive Speculation

Province of Alberta bonds offer attractive possibilities for current and post-war investment, according to an interesting circular issued by Charles King & Co., 61 Broadway, New York City, which states that this is a provincial bond returning 3% to 4% at half interest rate with good speculative possibilities. Copies of the circular may be had from Charles King & Co. upon request.

Canadian Mfg. Rose In December, January

Canadian manufacturing inincreased slightly between December and January, according to S. M. Wedd, General Manager of the Canadian Bank of Commerce, Toronto, Canada. Manufacturing increased slightly between December and January, a seasonal decline in the processing of foodstuffs being offset by an increase in the textile and clothing group and by a recovery in wood products, further wood-working factories being engaged on Government orders. There is little net change in the iron and steel trades as a whole, although the heavy section declined considerably as a result of the temporary stoppage of work at primary steel plants. There was, however, increased activity in factories not so far affected by a steel shortage.

"In accordance with our practice of periodically re-weighing the component parts of our index to conform with the trend of production," Mr. Wedd stated, "we have revised our index of industrial activity back to August, 1942, the composite index, month by month, for the remainder of the year, with the unrevised index bracketed, being as follows: 182 (180), 190 (182), 202 (182), 208 (186) and 203 (186). Our January index of industrial activity is 204 (1937 equals 100), as compared with 203 for December, while the percentage of factory capacity utilized has risen from 126 (unrevised 122) to 128.

"Our wage payroll index rose from 216 (revised) in November to 231 in December, all sections of the payroll registering increases."

Province of British Columbia
New Descriptive Circular
Copy on Request.

Wood, Gundy & Co.
Incorporated
14 Wall Street, New York
Bell System Teletype NY 1-920

CANADIAN SECURITIES

This war is revolutionizing Canada in much the same way that the first World War revolutionized the United States. Some people might prefer to describe the changes now taking place as "industrialization"—but there's more to it than that.

In the first place it makes a great deal of difference to a nation whether the capital with which it is industrialized is "foreign" or "domestic" capital. In Canada this great forward step is being financed internally. And on a sound basis, too—but more of that later.

It will be remembered that the United States at the outbreak of the first World War was predominantly an agricultural nation with a substantial part of its national debt owed abroad. That war changed the United States from a debtor to a creditor nation and gave industrialization here the impetus that carried us to world leadership.

Canada, a predominantly agricultural nation with a substantial external debt prior to the outbreak of the present war, has in the past three years traced much the same course followed by the United States during 1914-18. Although on a smaller scale than was the case here, Canada has developed heavy industry. Her aircraft, guns, tanks, and other war materials are being produced from the molten metal to the finished product in her own factories. Her chemical industry has come of age; she has built the largest aluminum plant in the world; a brand new optical glass industry has been developed; synthetic rubber and magnesium are being added to the list. With all this accomplishment, there has also been a considerable repatriation of Canada's external debt.

How big is Canadian industry? Today Canada with a population of 11,725,000, or less than 9% as large as our own, is producing war materials at the rate of $2,500,000,000 annually. Adjusting for the population differential, that would correspond to a $28,000,000,000 annual output of war materials for this country.

A large portion of Canada's

(Continued on page 663)

NEW ISSUE

Exempt, in the opinion of counsel, from all present Federal Income Taxes

$7,000,000

CITY OF SEATTLE, WASHINGTON

Municipal Light and Power Revenue 2½% Bonds

Series LR-6

To be dated January 1, 1943. To mature serially January 1, as shown below. Principal and semi-annual interest, July 1 and January 1, payable in lawful money of the United States of America at the fiscal agency of the State of Washington in New York City, or at the office of the City Treasurer, Seattle, Washington. Coupon bonds of the denomination of $1,000 with the privilege of registration as to principal only or as to both principal and interest. Callable as a whole on January 1, 1948 or on any interest payment date thereafter at par and accrued interest on 30 days notice. Total authorized issue $18,500,000. To be presently outstanding, $11,495,000.

AMOUNTS, MATURITIES AND YIELDS OR PRICES
(accrued interest to be added)

$ 43,000	due 1954	—2.10%	$566,000	due 1960	—2.45%	$670,000	due 1965	—99
87,000	due 1955	—2.15	534,000	due 1961	— 100	591,000	due 1966	—99
132,000	due 1956	—2.25	732,000	due 1962	— 100	510,000	due 1967	—98½
203,000	due 1957	—2.30	566,000	due 1963	— 99½	426,000	due 1968	—98½
245,000	due 1958	—2.35	497,000	due 1964	— 99½	441,000	due 1969	—98
340,000	due 1959	—2.40				417,000	due 1970	—98

Yields calculated to maturity

This offering is made when, as and if issued and received by us and subject to approval as to legality by Messrs. Thomson, Wood & Hoffman, New York City.

Descriptive circulars may be obtained from the undersigned.

Blair & Co., Inc.
John Nuveen & Co.
Lee Higginson Corporation
B. J. Van Ingen & Co. Inc.
E. H. Rollins & Sons Incorporated
Stranahan, Harris & Company Incorporated
A. C. Allyn and Company Incorporated
Bacon, Stevenson & Co.
Eldredge & Co. Incorporated
Ballman & Main
Kebbon, McCormick & Co.
Weeden & Co. Incorporated
Boettcher and Company
C. F. Childs and Company Incorporated
McDonald-Coolidge & Co.
The First Cleveland Corporation
Robert Hawkins & Co. Incorporated
Stifel, Nicolaus & Co., Inc.
Drumheller, Ehrlichman Company
Martin, Burns & Corbett, Inc.
Kalman & Company
Allison-Williams Company
Crouse, Bennett, Smith & Co.
The Weil, Roth & Irving Co.
F. Brittain Kennedy & Co.

February 15, 1943

Moffatt Re-elected Curb Exch. Chairman

Fred C. Moffatt, former President of the New York Curb Exchange, was reelected Chairman of the Board of Governors on Feb. 8; 260 votes were cast, one void, in the annual election which was the thirty-third in the Exchange's history.

John S. McDermott, Chairman of the Public Relations Committee, was elected a Class A Governor for one year. In addition, 12 Governors and two Trustees of the Gratuity Fund were chosen.

Andrew Baird of Josephthal & Co., John A. Ludlow of J. A. Ludlow & Co., H. Lawrence Jones of Eastman, Dillon & Co., Herbert Tully and David U. Page were elected Class A Governors (who are regular members of the Exchange) for a term of three years. Four Class B Governors — partners of member firms doing business with the public — were elected for a three-year term: Casper C. deGersdorff of Harris, Upham & Co., Benjamin B. McAlpin, Jr. of Laird & Co., Albert G. Redpath of Auchincloss, Parker & Redpath, and William S. Wilson of Montgomery, Scott & Co. Three Class B Governors were elected for a two-year term: John F. Wark of Merrill Lynch, Pierce, Fenner & Beane, Paul L. Hughes of Gude, Winmill & Co., and John Whitney of Baker, Weeks & Harden. George Herrel and Clarence L. Eckstein were elected trustees of the Gratuity Fund for three years.

Of the 12 Governors elected, Messrs. Baird, Jones, Ludlow and Wark have not previously served on the Board. Messrs. Tully, Wilson, Hughes and deGersdorff were elected to the Board last November, 1942, to fill the unexpired terms of Charles N. Phelps, Alpheus C. Beane, Jr., Jess W. Sweetser, and Herbert L. Wisner, who resigned at that time because of their increased activity in the war effort.

At the Board's inaugural meeting on Feb. 9 Edwin Posner was reelected Vice-Chairman of the Exchange to serve for one year.

Three Class C Governors, John T. Madden, Benjamin H. Namm and Victor F. Ridder, members of the Board representing the public and not connected with the securities business, were reelected for the third time to serve for the ensuing year.

Chairman Moffatt was designated by the Board as President pro tem, in which capacity he succeeds himself, having held that post since July 1, 1942 when George P. Rea, first non-member paid President, resigned after holding office for three years.

The Board also approved appointments by the Chairman of officers, department heads and committees for the coming year.

Charles E. McGowan was named Secretary and Director of the Department of Transactions; Christopher Hengeveld, Jr., was named Treasurer and Director of the Department of Administration; Joseph R. Mayer, Assistant Treasurer; Henry H. Badenberger, Director of Department of Outside Supervision, and Martin J. Keena, Director of the Department of Securities.

The four new Governors received assignments to committees. Andrew Baird will serve on the Admissions Committee, General Committee on Transactions and the Committee on Bond Transactions; H. Lawrence Jones on the General Committee on Securities, the Committee on Listing, the General Committee on Transactions, and the Committee on Stock Transactions; John A. Ludlow on the Admissions Committee, and John F. Wark will serve on the General Committee on Outside Supervision and the Committee on Business Conduct.

Standing Committees for 1943-1944 follow:

Committee On Admissions—Edward J. Shean, Chairman; Andrew Baird, Thomas W. Bartsch, John A. Ludlow, J. S. McDermott, Frederick J. Roth, Herbert G. Tully.

Committee On Arbitration—William B. Steinhardt, Chairman; Chas. D. Halsey, Benjamin B. McAlpin, Jr., J. S. McDermott, William S. Wilson.

Executive Committee—Fred C. Moffatt, Chairman; Chas. D. Halsey, Mortimer Landsberg, Wm. S. Muller, David U. Page, Edwin Posner, Albert G. Redpath, William B. Steinhardt.

General Committee On Securities—Mortimer Landsberg, Chairman; Chas. D. Halsey, Paul L. Hughes, H. Lawrence Jones, Charles Moran, Jr., Allen J. Nix, Herbert G. Tully, William S. Wilson, Wm. S. Muller.

Committee On Listing—Mortimer Landsberg, Chairman; Chas. D. Halsey, H. Lawrence Jones, Wm. S. Muller, Allen J. Nix, Herbert G. Tully.

Committee On Security Rulings—Wm. S. Muller, Chairman; Paul L. Hughes, Charles Moran, Jr., William S. Wilson.

General Committee On Transactions—David U. Page, Chairman; Andrew Baird, Thomas W. Bartsch, Joseph A. Cole, William H. Hassinger, H. Lawrence Jones, Edwin Posner, Frederick J. Roth, Edward J. Shean, William B. Steinhardt.

Committee On Stock Transactions—David U. Page, Chairman; Joseph A. Cole, William H. Hassinger, H. Lawrence Jones, Edwin Posner, Frederick J. Roth, William B. Steinhardt.

Committee On Bond Transactions—Edward J. Shean, Chairman; Andrew Baird, Thomas W. Bartsch.

General Committee On Outside Supervision—Albert G. Redpath, Chairman; Casper C. deGersdorff, Chas. D. Halsey, Paul L. Hughes, Chas. E. Judson, J. S. McDermott, Charles Moran, Jr., Edwin Posner, Edward J. Shean, John F. Wark, John Whitney.

Committee On Member Firms—Albert G. Redpath, Chairman; Casper C. deGersdorff, Charles Moran, Jr., Edwin Posner.

Committee On Business Conduct—Edwin Posner, Chairman; Chas. D. Halsey, Edward J. Shean, John F. Wark.

Committee On Communications And Commissions — Charles E. Judson, Chairman; Paul L. Hughes, J. S. McDermott, John Whitney.

Committee On Finance—Wm. S. Muller, Chairman; Mortimer Landsberg, J. S. McDermott, David U. Page, Frederick J. Roth, Edward J. Shean, William B. Steinhardt.

Committee On Public Relations—J. S. McDermott, Chairman; Chas. D. Halsey, William S. Wilson.

★ ★

DEMOCRACY IN ACTION

The eightieth annual report of the John Hancock Mutual Life Insurance Company of Boston is a summary of the co-operative accomplishment of more than six million policyholders.

Life insurance may be regarded as an institution of democracy as it has grown and developed in democratic countries as nowhere else. It is an achievement that represents democracy in action and has come to be essential, not only to the welfare of its members, but also to the communities and to the governments in and under which they live, in times of war as well as in times of peace.

Guy W. Cox, President

80th Annual Report
December 31, 1942

Total Admitted Assets	$1,288,048,649.68
Total Liabilities	$1,180,097,156.77
General Surplus Fund	$107,951,492.91
Total Insurance in Force	$5,618,573,069.00
Payments to Policyholders During 1942	$99,673,282.43

This Company offers all approved forms of life insurance in large or small amounts, including group coverage; also annuities for individuals and pension and retirement plans for corporations and educational institutions.

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

A COPY OF THE COMPLETE ANNUAL REPORT WILL BE SENT ON REQUEST

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* * *

Chicago Northwestern Bonds Look Good

Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, have just issued a circular on Chicago Northwestern bonds, which the firm considers offer particularly attractive possibilities at current levels. Copies of this interesting circular may be had from Pflugfelder, Bampton & Rust upon request.

* * *

SEC Issues Report On Electrical Equip. Mfg.

The Securities and Exchange Commission made public on Feb. 5 the tenth of a new series of industry reports of the Survey of American Listed Coorporations. These reports cover the calendar years of 1940 and 1941 for companies with fiscal years ending in the same calendar year, and extend earlier reports which generally covered the period 1939-1940.

Report No. 10 includes 31 companies engaged primarily in the manufacture of electrical supplies and equipment other than household appliances, all of which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1941.

The SEC summarized from the combined totals some of the more important items in the report which only covers 30 corporations because one of them was not a registrant in 1940. The net sale for the 30 corporations amounted to $1,413,000,000 in 1941, compared with $887,000,000 in 1940, while the net profit from operations was $303,000,000 in 1941 and $150,000,000 in 1940. The net profit after all charges totaled $98,000,000 in 1941, as compared with $87,000,000 in 1940, equivalent to 6.9% and 9.8% of sales, respectively. Total dividends paid out by these corporations amounted to $73,000,000 in 1941 and $74,000,000 in the earlier year.

The combined assets of the group totaled $1,129,000,000 at the end of 1941, compared with $832,000,000 at the end of 1940, while surplus in the latter year stood at $260,000,000, against $227,000,000 in 1940. The total capital stock of these corporations was $381,000,000 at the close of 1941 against $355,000,000 in 1940.

Merrill Lynch Financial Statement

Merrill Lynch, Pierce, Fenner & Beane, brokers in securities and commodities, and underwriters and distributors of stocks and bonds, of 70 Pine Street, New York, N. Y., in their annual report, released on Feb. 10, reported total revenue from all sources in the year 1942 at $9,442,608, an increase of about 10% over the year 1941, and the largest in the history of the firm as presently constituted.

Despite the rise in gross income, the report states, 1942 net profits dropped to $146,608, against $459,259 earned in 1941. The main reason for the decline, according to the firm, was the interruption by the war of the company's program of eliminating duplicate expenses and offices and assimilating personnel, as a result of combining with Fenner & Beane. This program was finally concluded by July 1, 1942. Due to these conditions and the smaller volume of business, the report says, the firm experienced a loss of $400,000 in the first half of last year. In the last half of 1942, however, the company made up the loss with dollars to spare.

The largest single source of the firm's business during the year 1942, according to the report, was from commissions received on listed securities. Last year such commissions amounted to 58% of total gross, against 48% in 1941 and 79% in 1939. The firm executed 8.09% of the round-lot volume on the New York Stock Exchange, against 7.0% in 1941.

During the year 1942, the firm states, it had 27,160 new customers, increasing the number of accounts to over 120,000.

SUMMARY OF INCOME, EXPENSES AND OTHER CHARGES

Years Ended Dec. 31—	1942	1941
Income from operations	$9,442,608	$8,657,479
Less operating expenses (includes partners' salaries)	8,672,819	7,615,374
Non-recurring expenses	236,720	203,736
Interest on capital	386,461	323,892
Write-down of seats	------	55,218
Net income	$146,608	$459,259

CONDENSED STATEMENT OF FINANCIAL CONDITION, DEC. 31

ASSETS

Current Assets:	1942	1941
Cash in banks and on hand	$5,195,240	$5,646,471
Segregated under the Commodity Exchange Act:		
Cash on deposit	5,038,378	7,982,719
Investments in U. S. Government securities	*2,760,000	
Clearing funds and similar deposits	439,751	2,430,359
Deposits on account of securities borrowed	248,940	85,150
Receivable from other brokers or dealers:		
Securities sold but not delivered	2,965,252	2,909,365
Equities in "future" commodity accounts	89,006	144,056
Receivable from customers:		
†Debit balances in margin accounts	54,804,709	56,747,772
Due from commercial and broker customers on account of commodity accounts	189,250	138,842
‡Securities owned by firm:		
U. S. Govt. and municipal securities	759,896	860,226
Other securities	473,647	
§Miscellaneous current assets	474,102	398,698
Total current assets	$73,438,170	$77,343,658
Other Assets:		
Memberships in exchanges—at market value	225,375	222,426
¶Furniture, fixtures, and office equipment	296,305	282,865
Prepaid expenses	109,432	47,069
Sundry unsecured receivables deemed collectible	15,545	12,570
Total	$74,084,827	$77,908,587

LIABILITIES

Current Liabilities:	1942	1941
Money borrowed on securities	$26,019,600	$31,301,500
Deposits on account of securities loaned	6,378,806	4,572,999
Payable to other brokers or dealers:		
Securities bought but not received	3,194,936	2,157,882
"Future" commodity accounts	5,934	15,623
Payable to customers:		
Free credit balances	21,621,075	22,774,073
†Credit balances in "margin" accounts	2,972,640	825,014
Equities in "future" commodity accounts	5,956,243	7,932,115
‡Securities sold but not yet purchased	256,104	49,481
Dividends and coupons payable and unclaimed	116,331	79,223
**Miscellaneous current liabilities	673,815	700,231
Due partners retired or withdrawing	97,824	606,780
††Due present and retired partners	180,605	72,260
Due general partners—free credit balances	212,921	396,401
Total current liabilities	$67,686,833	$71,483,587
Reserve—For contingencies	397,994	325,000
Net worth	6,000,000	6,100,000
Total	$74,084,827	$77,908,587

*At face value—approximate market value ($1,620,000 deposited as margins to contracts). †In which the margin, in each case, is equal to or greater than New York Stock Exchange requirements, and in "cash" accounts since cleared. ‡At quoted market value. §Such as commissions, dividends, and interest receivable, revenue stamps, etc. ¶At depreciated value. **Including commissions, taxes and expenses (and also in 1941, drafts). ††Old firm accounts in liquidation.

NOTE—Contingent liabilities of the firm at Dec. 31, 1942, consist of items such as open trades not yet recorded because of terms of delivery and when-issued contracts, all of reasonably definite nature, which would make no material change in the above statement on the basis of quoted market values at Dec. 31, 1942.

* * *

Conn. Stock Dividends

Putnam & Co., 6 Central Row, Hartford, members New York Stock Exchange, have prepared a list of 41 Connecticut stocks with their record of dividend payments for the last 33 years. Copies may be had from Putnam & Co. upon request.

* * *

Bank Stock Interesting

Common stock of The First National Bank of Birmingham offers attractive possibilities, according to a circular issued by Ward, Sterne, Agee & Leach, First National Building, Birmingham, Ala. Copies of the circular may be had upon request.

FIRE INSURANCE IN THE WAR

As the guns of our fighting men blaze on the battle fronts from Africa to the South Seas, fire insurance continues to play a vital role on the home front.

Months before our entrance into the war, the "industry which protects other industries" had quietly and effectively thrown its inspection and engineering facilities into the task of helping to safeguard the industrial plants of the nation from sabotage and carelessness. Losses in manpower and essential materials which would have been equivalent to serious military reverses have thus been prevented; substantial savings to taxpayers likewise effected.

Further, the agents and brokers of the fire insurance industry are bulwarks of strength on the civilian front. Without thought of profit to themselves, agents, brokers and companies alike have shown, in handling millions of dollars of War Damage insurance, how an essential industry can be mobilized effectively to carry on a vital war function in cooperation with the government.

Moreover, insurance in all its phases is being maintained in our national life, thus strengthening civilian morale on a vital home front and permitting greater concentration on the war effort. Insurance dollars are going into U. S. Treasury Victory Loan Bonds and the securities of war industries, thus helping to buy guns, planes, tanks, ships.

Finally, we take deep pride in stating that 35% of the male employees of The Home Insurance Company are now with the armed forces.

☆ ☆ ☆

We submit herewith our annual statement. This year the figures are especially important, for they reflect a year of insurance in war time. Behind the dollars and cents lies a human story of even greater significance.

President

STATEMENT

December 31, 1942

ADMITTED ASSETS

Cash on Hand or in Banks and Trust Companies	$ 20,215,068.12
United States Government Bonds	12,378,338.50
All Other Bonds and Stocks	71,248,522.76
First Mortgage Loans	383,779.32
Real Estate	3,879,315.95
Agents' Balances, less than 90 days due	7,666,305.78
Reinsurance Recoverable on Paid Losses	1,076,289.00
Other Admitted Assets	135,861.61
Total Admitted Assets	$116,983,481.04

LIABILITIES

Reserve for Unearned Premiums		**$ 49,707,620.00**
Reserve for Losses		**11,017,422.00**
Reserve for Taxes		**4,521,522.00**
Reserve for Miscellaneous Accounts		**813,505.75**
Funds Held under Reinsurance Treaties		**59,045.61**
Total Liabilities Except Capital		**$ 66,119,115.36**
Capital	**15,000,000.00**	
Surplus	**35,864,365.68**	
Surplus as Regards Policyholders		**50,864,365.68**
Total		$116,983,481.04

Note: Bonds carried at $3,447,281.00 amortized value and cash $50,000.00 in the above statement are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. On the basis, of actual December 31st market values, total Admitted Assets would be increased to $120,423,617.78 and Surplus to Policyholders would be increased to $54,304,502.42.

DIRECTORS

LEWIS L. CLARKE WILLIAM S. GRAY CHARLES G. MEYER
WILLIAM L. DEBOST WILFRED KURTH
EDWIN A. BAYLES GORDON S. RENTSCHLER
ROBERT GOELET HERBERT P. HOWELL
FRANK E. PARKHURST GEORGE MCANENY
GUY CARY HAROLD V. SMITH HARVEY D. GIBSON
FREDERICK B. ADAMS

☆ THE HOME ☆

Insurance Company

NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE

THE HOME, THROUGH ITS AGENTS AND BROKERS, IS AMERICA'S LEADING INSURANCE PROTECTOR OF AMERICAN HOMES AND THE HOMES OF AMERICAN INDUSTRY

Our Reporter's Report

(Continued from first page)

a precursor of firmer money rates.

Excess Funds At 6-Year Low

Dropping to a total of only $85,000,000 as of the close of business on February 10 last, surplus reserves of member banks in the New York area were the lowest since the fall of 1937, while for the system as a whole the total of $1,640,000,000 was at a minimum since the spring of 1938.

But investment men, realizing that the money market must be maintained around current levels to assure low-cost financing by the Treasury, do not view such figures with the awe that might have been the case under more normal circumstances.

They recognize that this situation can be corrected, if necessary, either by action of the Reserve Open Market Committee, or more directly through a lowering of reserve requirements by the Federal Reserve Board.

Puget Sound Revises Plan

Puget Sound Power & Light Company has revised its refinancing program through amendment of its registration as filed originally with the Securities and Exchange Commission some weeks ago.

The major change involves the elimination of the $8,000,000 of nine-year debentures originally included and the substitution of $6,500,000 of 3⅛% five-year bank loans for that portion of the program.

This leaves the $52,000,000 of first mortgage bonds to be marketed, and if the Commission avoids delay in approving the revisions it is believed the company could call for bids on the bonds to be opened in the first week of March.

Public Service of N. H. Changes

Coincident with the foregoing disclosure it was reported that the Public Service Company of New Hampshire's refinancing plans would be subject to change before the undertaking finally reaches market.

This plan originally called for $22,000,000 of first mortgage bonds and $2,500,000 of serial notes, the latter to be placed privately.

Now it looks as though the overall total will be scaled down somewhat, although the scope of such revision was not generally known in market circles at the moment.

Via Private Placement

It now looks as though the large block of stock of the New Jersey Zinc Company which was reported likely to be placed on the block for competitive bids, will pass to new hands through the process of direct negotiation.

The stock, owned by the Palmer estate, is believed to total somewhere around 275,000 shares, and the latest indications are that it is destined to be placed privately, presumably with an investment trust or a group of such companies.

"Soldier of Service"

"The Voice with the Smile" has always been a part of the telephone business and we want to keep it that way.

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BELL TELEPHONE SYSTEM

WAR CALLS COME FIRST

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Stock Exchange membership of the late W. Eldridge Tobias to William H. Mitchell will be considered on Feb. 18. Mr. Mitchell is, and will continue as, a partner in Mitchell, Hutchins & Co.

Transfer of the Exchange membership of Gerald M. Gordon to Samuel J. Kingsley will be considered on Feb. 18. Mr. Kingsley, it is understood, will act as an individual floor broker.

Henry A. Goddard, Howard F. Whitney and George A. Young retired from partnership in R. L. Day & Co. as of Feb. 1. Mr. Goddard made his headquarters in the firm's Boston office; Messrs. Whitney and Young in the firm's New York office.

Henry W. Ford withdrew from partnership in Laird, Bissell & Meeds, New York City, as of Feb. 1.

A. Glen Acheson retired from F. S. Moseley & Co., Boston, Mass., on Feb. 1. Mr. Acheson made his headquarters in the firm's New York office.

The proposal that William H. Gray act as alternate on the floor of the Exchange for Donald C. Appenzellar, Jr., will be considered by the Exchange today. Both are partners in Talcott, Potter & Co., N. Y. City.

Marguerite S. Inman, special partner in Granbery, Marache & Lord, retired from the firm on Dec. 31.

Otto Jeidels withdrew from partnership in Lazard Freres & Co., N. Y. City, on Feb. 15. On Feb. 7 interest of the late John D. Harrison in the firm ceased.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Feb. 15 that the tenders for $700,000,000 of 91-day Treasury bills, to be dated Feb. 17 and to mature on May 19, 1943, which were offered on Feb. 12, were opened at the Federal Reserve banks on Feb. 15.

Details of the issue follow:

Total applied for, $1,114,274,000.
Total accepted, $703,107,000.
Range of accepted bids:

High, 99.935; equivalent rate of discount approximately 0.257% per annum.

Low, 99.905; equivalent rate of discount approximately 0.376% per annum.

Average price, 99.906; equivalent rate of discount approximately 0.373% per annum. (50% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 17 in amount of $501,422,000.

FBI Arrests Eight In Sale Of Stolen Bonds

The Federal Bureau of Investigation has arrested eight New Yorkers, including two lawyers, two securities brokers and a former night-club owner, on charges of conspiracy to traffic in stolen stocks and bonds. All are charged with violation of the stolen property act; conviction would carry a maximum penalty of ten years' imprisonment and $10,000 fine.

Those arrested were: Russell Safferson and Sigmund Saxe, partners in Biel, Russell & Saxe, New York over-the-counter dealers; George A. Turley and Frank L. Miller, lawyers; Albert J. Contento, alias Al Howard; Matthew Reinhardt, alias Arthur Rehn; Joseph W. Grober, a British promoter who shared offices with Turley, and Daniel Spencer Moran.

It was charged that between June 16th and Dec. 23rd, 1942 Rehn or Reinhardt disposed of $22,000 worth of bonds through Biel, Russell & Saxe, including municipal bonds of Rio de Janeiro, taken in a Miami theft; General Steel Casting bonds taken from the coat of Robert A. Middleton, a broker, in a Utica, N. Y. barber shop, and New York Water Service bonds stolen from a messenger of E. H. Rollins & Sons on April 27 in the New York financial district.

NYSE Short Interest Higher On Jan. 29

The New York Stock Exchange announced on Feb. 11 that the short interest existing as of the close of business on the Jan. 29 settlement date, as compiled from information obtained by the Exchange from its members and member firms, was 579,394 shares, compared with 501,833 shares on Dec. 31, 1942, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Jan. 29 settlement date, the total short interest in all odd-lot dealers' accounts was 34,117 shares, compared with 18,323 shares, on Dec. 31, 1942.

The Exchange's announcement further said:

"Of the 1,240 individual stock issues listed on the Exchange on Jan. 29, there were 28 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of Jan. 29, 1943, exclusive of odd-lot dealers' short positions, was 492 compared with 457 on Dec. 31, 1942."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
April 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
April 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365
Oct. 30	558,446
Nov. 30	551,053
Dec. 31	501,833
1943—	
Jan. 29	579,394

*Revised.

Ins. & Bank Evaluator

The current issue of the Insurance and Bank Stock Evaluator, issued by Butler-Huff & Co. of California, 210 West Seventh St., is now being distributed. The Evaluator contains a comparative analysis of 85 insurance companies and 37 banks as well as a brief discussion of bank stocks.

Copies of the Evaluator may be had from Butler-Huff & Co. upon request.

N. Y. Savings Banks Show Continued Gains

The monthly increases reported by New York State savings banks, both in the number of new accounts and in dollar deposits, which began last July, continued in January, according to an announcement made Feb. 15 by the Savings Banks Association. The Association reports that the aggregate gain in dollar deposits plus War Bond sales for January were close to $58,173,000; gain in deposits was $23,319,000, and War Bond purchases amounted to $34,854,000. Net increase in the number of accounts was 17,872 for the month.

Thus, in the last 6 months, it is noted in the announcement, the savings banks in New York State have sold $132,436,000 worth of War Bonds and Stamps and, at the same time, received $182,707,000 of new savings in their banks—a total of $315,143,000 to finance the war effort, to help stop inflation and to build for post-war prosperity.

The Savings Banks Association, in releasing these figures, states that no records are available as to how many individual War Bond purchases went to make up the total of $132,436,000 but, it points out, it must be considerable since the bulk of the sales represent E bonds largely in $25 and $100 denominations. This assumption is further substantiated by the fact that the total number of savings accounts increased from 5,969,703 six months ago to 6,019,686 at the end of January, an increase of nearly 50,000.

"The spurt in War Bonds sales plus the continued increase in both savings accounts and dollar deposits," the report continues, "show that the home front is increasing in strength and that more of the earnings and more people are being used to speed victory over the Axis and should spur all of us at home to even greater accomplishments to back up our fighters on the front line."

Money In Circulation

The Treasury Department in Washington has issued the customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for Dec. 31, 1942, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $15,410,130,365, as against $14,804,809,871 on Nov. 30, 1942, and $11,160,087,131 on Dec. 31, 1941, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is on June 30, 1914, the total was $3,459,434,174.

Fifty Years With NYSE

Joseph T. McDevitt, Supervisor of the pneumatic tube system on the floor of the New York Stock Exchange, has completed 50 years of continuous service with the Exchange. The Quarter Century Club of the Exchange will celebrate the occasion, and a diamond service pin will be presented to Mr. McDevitt by Emil Schram, President of the Exchange.

Forty-three of the 91 members of the club have been employed by the Exchange from 25 to 30 years and 19 have served from 30 to 35 years. Nineteen are in the 35 to 40 year class and the service records of eight employees range from 40 to 45 years. Runner-up to Mr. McDevitt, who is the seventh employee of the Exchange to be awarded the half-century service pin, is Oscar Lassen, head carpenter, employed May 26, 1895.

Home Insurance Co. of New York Reports On 1942 Operating Results

The company in its 90th annual financial statement made public Feb. 16, reveals net premiums written during the year 1942 of $61,749,316, a decrease of $9,328,748 as compared with the premium volume in 1941—a decrease due entirely to the drop in automobile business. Automobile business declined $20,130,779, while premium income for other lines increased $10,802,031.

Total admitted assets on Dec. 31, 1942, were $116,983,481 compared with $123,976,772 at the end of 1941.

Asset items in the balance sheet are as follows: Cash, $20,215,068; U. S. Government bonds, $12,378,338; all other bonds and stocks, $71,248,522; first mortgage loans, $383,779; real estate, $3,879,315; agents' balances, less than 90 days' due (premiums uncollected), $7,666,305; reinsurance recoverable on losses already paid to policyholders, $1,076,289; other admitted assets, $135,861.

Liabilities include reserve for unearned premiums, $49,707,620; reserve for losses, $11,017,422; reserve for taxes, $4,521,522; reserve for miscellaneous accounts, $813,505; and funds held under reinsurance treaties, $59,045. Total liabilities, except capital, which remains unchanged at $15,000,000, were $66,119,115. Surplus as regards policyholders was $50,864,365.

Dividends amounting to $4,800,000 were paid by the company during the year, or $1.60 per share on the $5 par value stock. The company was founded in 1853 and has missed only one year (1872) in paying of dividends. Omission of dividends in that year was the result of the Chicago fire which occurred in the latter part of 1871.

In connection with the report, President Harold V. Smith commented that "fire insurance continues to play a vital role on the home front. Months before our entrance into the war, the 'industry which protects other industries' had quietly and effectively thrown its inspection and engineering facilities into the task of helping to safeguard the industrial plants of the nation from sabotage and carelessness. Losses in manpower and essential materials which would have been equivalent to serious military reverses have thus been prevented; substantial savings to taxpayers likewise effected."

The Market "Perks Up"

To the accompaniment of substantially heavier trading, share prices have during the last few days worked their way up to higher levels. The activity in the main has been confined to lower priced stocks, particularly in the utility group, and this has given rise to comments in many quarters that the "market leadership" is not of a confidence-begetting type.

Why has the volume of share trading increased so impressively in recent days? Many answers are advanced, but as is usual with a reasonably sweeping movement of this type, there is probably no one definite and exclusive answer.

A, B and C may purchase equities because they are convinced that we are in for a spell of inflation of greater or lesser degree. D and E may be investing idle cash resources because they contemplate an earlier-than-expected termination of the war. F and G may have been impressed by the conservative swing of last November's elections and the current independent attitude of Congress. X and Y may feel that some type of Ruml plan will finally be adopted and that the cash they had put aside, earmarked, for payment of 1942 taxes can now safely be put to work in the old American tradition of trying to make money with money. And strangely enough, some individuals were impressed by the story that "broke" on February 7th, indicating that the SEC was in possession of a comprehensive plan looking toward the closing of the New York Stock Exchange if a boom developed, and these individuals, in the manner of many consumers, wanted to stock up with equities before they were "rationed" in any way, shape, form or manner.

All of these, we presume, are good and valid reasons for purchasing equities. But perhaps to them should be added the general and most convincing argument of all; viz. that many of us, thorough-going believers in equities, a year ago feared that a long war might bring drastic changes in our economy and today, with the possibility that the war will terminate in six months to a year, begin to believe that the American economic way of life may not emerge from the cataclysm too much altered.

We have no particular comment to make on the so-called type of leadership; the low priced utilities that have been so active. In itself that does not seem to us too important. But we must confess that with a new tax bill in the offing strength in many types of utility equities may not make too much sense. For if the normal corporate tax rate is to be increased from 40% to 50% or 55%, the impact of the increase will be keenly felt by the utility industry. Many types of companies engaged in war work are already up to the tax ceiling and changes in rates are to them more or less academic. This, however, is not true of operating utilities; so that if the Treasury is going to recommend, and if Congress is to adopt, an increased normal tax rate schedule, we may find that the current up-move of utility equities will be a case of marching up the hill and very promptly marching down again.

* * *

From the President of Dartmouth College

"There is nothing more discouraging than to hear it said that if Hitler could be assassinated, everything would be all right. We've got to do more than that. We've go to assassinate an idea."

Short-Term Market Comment

Assuming a list well proportioned as to Government bonds and corporate equities, we would be inclined to liquidate common stocks in "homeopathic doses" if the market continues week by week to forge ahead into higher ground. Moreover, in mildly diluting the equity portion of a list, we would follow the well established mercantile practice of attempting first to liquidate one's least desirable holdings. — Ralph E. Samuel & Co.

American Business Credit Situation Interesting

Hill, Thompson & Co., Inc., 120 Broadway, New York City, have prepared an interesting memorandum on American Business Credit Corporation, copies of which may be had from the firm upon request.

A memorandum on Quaker City Cold Storage Co. 5s of 1953 is now in preparation by Hill, Thompson & Co., Inc., and will be ready for distribution by them shortly.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 653)

bought. There is only one exception to the rule—the war.

* * *

Wars bring rapid military manoeuvres that no one can foresee. Plans of either side often go awry. The news of major victories or defeats can jolt the market out of any trend with a violence which must be guarded against.

* * *

For the practical market follower there is only one such defense—a stop. But like the Maginot Line it is not infallible. A certain price followed by too many people will almost certainly guarantee not only its breaching, but frequently open the gates to a drop that may run deeper than originally expected. I am fully aware of these possibilities. Still the stop is a good method to follow.

* * *

The professional seldom uses actual stops. He has mental stops. He determines beforehand at what price he will sell and frequently has a good idea whether such price will hold long before it is threatened. His method is impossible for the rank and file. It hasn't the time or the skill to apply it. So readers of this column will have to go along, not with mental, but actual stops. What these stocks to which these stops apply are can be determined in reading last week's column. They are the same. And until they are broken the advice to hold positions continues in effect.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

International Paper Offers Interesting Situation

International Paper Co. offers attractive possibilities, according to a detailed memorandum issued by Jacques Coe & Co., 39 Broadway, N. Y. City, members of the New York Stock Exchange and other leading Exchanges. Copies of this interesting memorandum may be secured upon request from Jacques Coe & Co.

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UP-TOWN AFTER THREE

By BILL SMITH

STAGE

"Ask My Friend Sandy," a farce comedy by Stanley Young. Presented by Alfred de Liagre, Jr., at the Biltmore Theatre, N. Y. Roland Young with Norman Lloyd and Margaret Sargent head the cast. (Reviewed Monday, Feb. 8, 1943). . . . There is probably an excuse for this so-called farce but what it is escapes me. It has been suggested that it is really a satire. But the playwright either doesn't know what satire is or simply isn't articulate enough to present it properly. The story has to do with a well-heeled book publisher with a wife who frequents a USO canteen. One day she invites a lonesome soldier to their home. The soldier, a brash, opinionated young man, is a glib talker who knows everything about why the last war was fought and how economic changes will affect society after this war. His personal mission is to convince people of means to give up their money and go back to what he calls "fundamentals." Needless to add, the publisher does just that. As a result his wife leaves him, he loses his furniture, resigns from his firm, and becomes one of New York's most popular cab drivers because he always forgets to put the flag down on the meter. To give it the added twist the publisher once wrote a book about how to live on less. And wonders upon wonders, this now forgotten book suddenly hits the list of best sellers. So just as our once rich publisher is reduced to a diet of olives, royalties from the book start pouring it, putting him back into the economic royalist class. The kindest thing one can say about the whole thing is that Roland Young plays the addle-brained publisher. But even his brittle nonsense, his unquestioned abilities and his clipped British accent can't pull the thing out of the morass. Sandy is played by Norman Lloyd, an obnoxious visionary, who is obviously stationed at an army camp (he wears an army uniform) but spends all his time in the N. Y. apartment of the publisher. The rest of the cast does as well as can be expected. Yet the whole thing adds up to a play that is one-third irritating and two-thirds soporific.

AROUND NEW YORK TOWN

Rationing and shortage of manpower has already made its dent on the New York hot spots. Food is higher, portions are smaller and service has deteriorated. This is particularly true of places which cater to Scotch-and-soda people. The only places that are maintaining their standards are those high grade restaurants that depend on good food and good service rather than on the elbow-bending set for their popularity. Among them is the **Penthouse** with its woodburning fireplace and panoramic view set high above Central Park where dining is still a rite, not a rote. . . . Hank Ladd tells the silly about the carrier pigeon leisurely flying from the Russian front with a message for Hitler about the latest Russian victory. Suddenly it was jostled by another pigeon who bawled out, "Get a move on. I'm carrying the denial." . . . And Neal O'Hara comes through with the one of the six-foot-five soldier who climbed into a chair and asked for shoe shine. The tiny bootblack took one look at the vast expanse of shoes and yelled, "Hey Joe, lend me a hand, I've got an army contract."

Exemption Extended Under Holding Company Act

The Securities and Exchange Commission announced on Feb. 9 the adoption of an amendment to Rule U-70 (a) (7) under the Holding Company Act extending until March 1, 1944, the exemption provided under such rule.

The Commission's action was explained as follows:

"Section 17 (c) of the Act makes it unlawful for a registered holding company or any of its subsidiaries to have as an officer or director any person who serves in a similar capacity for a bank, trust company, investment banker, or similar financial institution. Rule U-70 sets forth the limited circumstances under which these relationships will be lawful.

"Paragraph (a) (7) of Rule U-70 provides a limited exemption for a person (1) whose only financial connection is with one or more commercial banking institutions having their principal offices within the State in which the registered holding company, or its subsidiary, conducts at least 90% of its public utility operations and in which such person resides, and (2) who is originally elected to his position in such company prior to April 1, 1939, under an order approved by the Public Service Commission of such State. It is the exemption under this paragraph which is extended until March 1, 1944."

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930(b).

Offerings will rarely be made before the day following.

TUESDAY, FEB. 23

COMMODORE APARTMENT HOTEL, INC.

Barnet L. Rosset, Charles J. Young and Louis J. Borinstein, as trustees under a certain trust agreement dated as of March 15, 1933, have filed a statement with the SEC for voting trust certificates representing a maximum of 4,327 shares of common stock, par value $50 per share, for the Commodore Apartment Hotel, Inc.

Address—Address of trustees Suite 315, 11 South La Salle Street, Chicago. Commodore Apartment Hotel, Inc., located at 3440 Grand Avenue, Des Moines, Iowa.

Business—Apartment hotel.

Offering—On or about Feb. 15, 1943. Certificates are already outstanding in the hands of registered holders, and it is proposed to extend the trust for five years from March 15, 1943, with certain amendments in agreement

Registration Statement No. 2-5090. Form F-1 (2-4-43)

SATURDAY, FEB. 27

CENTRAL STEEL & WIRE CO.

Central Steel & Wire Co. has filed a registration statement with the SEC covering 125,000 shares of common stock, par value $5 per share. The stock is already issued and is being sold for the account of certain stockholders.

Address—3000 West 51st St., Chicago.

Business—The company is in the business of the warehousing, initial processing and distribution of steel and nonferrous metals, and the representation of mills on a commission basis.

Offering—Offering price to the public will be supplied by amendment. It is expected to offer the stock as soon after the effective date of the registration statement as possible. The shares to be offered are at present outstanding and are to be offered for the following accounts: H. R. Curran 108,743 shares and Mandel Lowenstine 16,257 shares. Mr. Curran is at present president and director of the company. He has delivered to the company his resignation as a director and president to be effective upon the sale to the underwriters of the common stock offered hereunder. Statement says that it is anticipated that immediately upon the completion of such sale, Mr. Lowenstine who is at present executive vice-president, treasurer and director, will become president and director of the company.

Underwriting — The underwriters are Paul H. Davis & Co. and Bacon, Whipple & Co., both of Chicago, each with a total of 62,500 shares. Subject to certain terms and conditions the underwriters agree to purchase the common stock at $7 per share from the selling stockholders.

Proceeds—To the selling stockholders.

Registration Statement No. 2-5091. Form A-2 (2-8-43).

SUNDAY, FEB. 28

PHILIP MORRIS & CO., LTD., INC.

Philip Morris & Co., Ltd., Inc., has filed a registration statement with the SEC for 105,176 shares of common stock, par $10 per share, and 893,996 full and fractional share subscription warrants evidencing rights to subscribe for such common stock.

Address—119 Fifth Ave., New York City.

Business—Engaged in the business of manufacturing and selling cigarettes and smoking tobaccos. Company's principal product is the cigarette sold under the brand name Philip Morris (English Blend), net sales of which constituted approximately 92¼% of total net sales for the fiscal year ended March 31, 1942, and 93¼% for the nine months ended Dec. 31, 1942.

Offering—As soon as practicable after the effective date of the registration statement. Present holders of common stock are to be offered right to subscribe to the new common at the rate of one share of new common for each 8½ shares of common held. Subscription price is to be supplied by amendment. Such rights are granted to holders of common stock of record at 3 p. m. on the date of issue of the prospectus.

Statement says the board of directors intends to authorize the sale of an issue of 20-year 3% debentures, due March 1, 1963, in an aggregate face amount of approximately $6,000,000. The company intends to sell such debentures shortly after the expiration of the rights to subscribe to the common stock offered hereby.

Underwriting — Lehman Brothers and Glore, Forgan & Co., of New York, head an underwriting group which has agreed to purchase from the company such shares of stock as shall not be subscribed for by stockholders. Price to be paid by the underwriters for the shares and the offering price to the public will be supplied by amendment.

Proceeds—During the nine months ended Dec. 31, 1942, the company's cash requirements have substantially increased. During the period from March 31, 1942, to Dec. 31, 1942, its inventories rose from $53,080,487 to $66,406,270, its net accounts receivable rose from $6,209,719 to $9,011,058, and its net investments in property, plant and equipment rose from $3,650,663 to $3,815,235. During this period the company financed its needs for cash in part by bank loans which at Dec. 31, 1942, amounted to $8,500,000. Proceeds of these loans were added to the company's cash balances and were used to finance in part the increases referred to. It is expected that the proceeds from the sale of stock will be applied to the reduction of the company's bank loans. If the company sells the debentures referred to, to the extent required, the net proceeds from the sale thereof will be applied to the payment of the unpaid balance of these loans and the remainder of such net proceeds will be added to the general working capital of the company.

Registration Statement No. 2-5092. Form A-2 (2-9-43).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMPAL-AMERICAN PALESTINE TRADING CORP.

Ampal-American Palestine Trading Corp. has filed a registration statement with the SEC for 182,000 shares 4% preferred, cumulative non-voting stock, par value $5 per share

Address—1440 Broadway, New York City

Business—The corporation was organized for the purpose of developing trade relations between the United States and Palestine and its surrounding territories; to assist in the development of the economic resources of Palestine and to afford financial aid to commercial, banking, credit, industrial and agricultural enterprises, cooperative and otherwise, in and relating to Palestine. Company was organized Feb. 6, 1942, in New York.

Underwriting—There are no underwriters. The securities will be sold through the efforts of the directors and employees of the issuer

Offering—The offering price to the public will be $5.50 per share, for a total of $1,001,000. Date of proposed public offering is Dec. 1, 1942

Proceeds—A number of schemes for investment by the corporation of the proceeds of this issue have been considered by its directors. No final decisions have been reached, and no commitments have been made, except that, in a general way, and subject to re-examination, the directors believe that the corporation could with profit to itself and with substantial benefit to the economic organization of Palestine, make investments for the purposes indicated in its organization

Registration Statement No. 2-5061. Form A-1. (11-19-42)

Amendment filed Jan. 28, 1943, states that Abraham Dickenstein may be an underwriter

Amendment filed Jan. 12, 1943, to defer effective date.

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

Request for withdrawal of specified material filed Nov. 18, 1942

Amendment filed Feb. 4, 1943, to defer effective date

CURTISS CANDY CO.

Curtiss Candy Co. has filed registration statement with the SEC covering 30,000 shares of participating preferred stock, par value $100

Address—622 Diversey Parkway, Chicago

Business—Company is one of the largest and leading candy and confection manufacturers in the United States

Offering—Registrant proposes to offer the participating preferred shares registered, at $100 per share. The entire amount of the consideration received shall be credited to capital account. It is not proposed to pay any commissions or underwriting fees with respect to the sale of the stock. Approximate date of proposed public offering Nov. 25, 1942

Underwriting—There is no commitment of any kind with respect to the sale or underwriting of the securities registered

Proceeds—Will be used principally in the acquisition of similar types of business $700,000; additional farm lands $750,000; trucks $100,000; raw commodities for purpose of stabilizing inventory $250,000; to provide funds for payments under pension and profit-sharing plans for its employees $900,000; in reduction of indebtedness on farm properties $200,000, and for additional working capital $75,700

Registration Statement No. 2-5059. Form A-2. (11-14-42)

Hearing on suspension of registration set for Dec. 15, 1942, as SEC states it has reasonable cause to believe that statement includes "untrue statements of material facts"

DEERFIELD PACKING CORP.

Deerfield Packing Corp. has filed a registration statement with the SEC for $1,250,000 5% sinking fund debentures due Dec. 1, 1954, and 47,215 shares of common stock, without par value. Of the stock registered, 35,715 shares will be reserved for issuance upon exercise of conversion rights with respect to the debentures, and the remaining 11,500 shares will be offered for sale. Company states that it is possible that due to future adjustments in the conversion price, not now anticipated, more than 35,715 shares will be required for issuance upon exercise of conversion rights, and it is intended that present statement shall cover, such additional shares, of any, as may be required for issuance upon exercise of the conversion rights.

Address—Bridgeton, N. J.

Business—Company is engaged primarily in the manufacture of quick-frozen vegetables. The major portion of its frozen products is quick-frozen by the Birdseye process, but the company has developed and uses other processes for quick-freezing for customers who require large packages of frozen vegetables or loose frozen commodities.

Offering—Offering price to the public of the debentures and shares of common stock will be furnished by amendment.

Underwriting—E. H. Rollins & Sons, Inc., is principal underwriter for the debentures with others to be named by amendment. E. H. Rollins & Sons, Inc., is named underwriter for the common stock.

Proceeds—About $487,000 of the net proceeds from the sale of the debentures and common stock are to be used to discharge the balance of $480,000 due on a bank loan in the amount of $600,000, together with accrued interest and premium thereon. Balance are to be added to the company's general funds.

Registration Statement No. 2-5078. Form A-2. (12-29-42)

Amendment filed Feb. 5, 1943, to defer effective date.

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956 and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2 (9-17-41)

Amendment filed Feb. 8, 1943, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital.

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Registration Statement effective 11 a.m. (EWT) on Dec. 22, 1942, as of 5:30 p.m. (EWT) on Dec. 8, 1942.

DEALER BRIEFS

Chicago, Ill.

Price scales on recent new municipal bond offerings are further indications to us that top-quality names have apparently reached some sort of a price ceiling, while prices of less than top quality bonds continue to move up, narrowing the gap between the two. It appears that buyers are indicating a willingness to forego some quality for a slightly better yield. Low premium, short maturities are becoming difficult to find. — *W. O. Kurtz, Jr., American National Bank and Trust Company of Chicago.*

Our retail department is finding a good demand for sound dividend paying stocks, with somewhat of an inquiry for so-called "inflation hedges." High grade insurance stocks are moving with an ever expanding group of customers. Speculative preferreds have proven salable. A considerable majority percentage of sales are for cash. Our trading department is active in a wide list of over-the-counter issues. We have been particularly successful in placing both retail and wholesale many substantial blocks of listed and unlisted issues. — *Walter W. Cruttenden, Cruttenden & Co.*

Insistent demand which has been in evidence since the first of the year has produced steadily advancing prices and accelerated activity in the high grade State and Municipal bond market. Currently there is encouraging evidence that the strength which first made its appearance in short maturities is spreading into longer bonds.—*Frank McNair, Executive Vice-President, Harris Trust and Savings Bank.*

Nashville, Tenn.

With relief to all for the prompt and successful subscription of the December quota of war bonds, it has been gratifying to us to note on the part of individual customers a more responsive attitude toward offerings of investment securities. This buying interest together with the scarcity of supply of good dividend paying local stocks can, we think, be regarded as a favorable influence on prices.—*Thomas H. Temple, President, Thomas H. Temple Company.*

J. S. Bache Announces New Brokerage Service

A new departure in brokerage service accommodation is being announced by J. S. Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange, one of the largest securities and commodities brokerage firms in the country. Effective this week, the offices of the firm in Cleveland, Cincinnati, San Antonio, Binghamton and Schenectady will remain open on certain specified days each week until 9 or 9:30 p.m. in order to take care of the needs of clients whose wartime activities make it difficult for them to look after their investments during normal working hours.

Certain of the offices abovementioned will remain open, to start, one day a week, while in the case of Binghamton the office there is announcing that it will remain open on Tuesday and Thursday evenings. If the plan is a success, the firm will adopt similar night hours for all of its offices in 35 cities.

In announcing this new departure, J. S. Bache & Co., state:

"Due to war work and related activities, many of our clients and other investors are unable to transact business during normal hours, and for their convenience we have decided to keep certain offices open one or two evenings each week. Our staff will be on hand to accept subscriptions for war bonds and to discuss other investment problems with you. If you are not already acquainted with our facilities and the scope of our activities we shall be pleased to have you come in and visit our offices."

According to Sam H. Sampliner, one of the resident managers of J. S. Bache & Co.'s Cleveland office, the experiment has proved to possess definite possibilities, with the extended office hours resulting in some new accounts and several phone calls to discuss investment problems.

More Secondary Offerings Than Special Offerings Shields Study Shows

Secondary, or "off-board" offerings of blocks of securities held first place both in number of distributions and number of shares sold in this manner as compared with special offerings on the floor of the Stock Exchange during the year 1942, according to the latest review of special offerings and secondary market distributions prepared by Shields & Co., 44 Wall Street, New York City, members of the New York Stock Exchange. The compilation, issued in pamphlet form, is the only compendium of its kind made to encompass the offerings of all forms.

It shows that in 1942, 220 offerings of both types were made, of which 80 were special offerings on the Exchange and 140 were off-board transactions. Total shares distributed by both processes was 3,545,432 compared with a total trading volume of 125,677,963 shares on the Exchange for the year. Special offerings covered 851,093 shares and secondary distributions 2,694,339 shares. In 1941 a total of 235 distributions of both kinds were made, involving 8,861,095 shares, compared with trading volume on the Exchange in the same year of 170,603,671 shares.

The 1942 secondaries and specials accounted for 2.8% of total trading volume. Of this total "specials" accounted for .7% and "secondaries" 2.1%. In 1941, secondaries accounted for 5.2% and in 1940 the percentage was 1.2% of total trading volume.

The Stock Exchange revised its rules early in 1942 to permit its members to make special offerings at a net price to the purchaser on the floor of the Exchange of blocks of listed securities too large to be absorbed in the day-to-day trading.

Walter Kidde Situation Looks Attractive

Wyeth & Co., 40 Wall Street, New York City, members of the Los Angeles Stock Exchange, have an interesting report and literature available on Walter Kidde & Co., Inc., which they will be glad to send upon request. Copies may also be had from the firm's main office at 647 South Spring Street, Los Angeles, Calif.

Railroad Bonds For Institutional Investment

A Letter From A Widely Respected Senior Investment Executive of One of Our Leading Institutions

Since I am firmly convinced that the prices of many underlying railroad bonds are purely temporary and depressed because of the combination of circumstances that are not adequately measured or understood, it is my belief that they will recover in due course of time.

As you understand, I am referring primarily to underlying first mortgage liens which have demonstrated earning power. It is my belief that the railroad industry is the backbone of transportation and must be coordinated with other agencies. It is the most economical method of bulk transportation and will serve this purpose for a considerable time to come. In spite of the record in the 30's the industry had earning power.

I find that there are roads of good credit, roads of medium credit, roads of poor credit that remain solvent, and of course the bankrupts. I find that operating differences were not so great as is the public impression. Some of the borderline roads where good securities are selling at low prices present an interesting picture on analysis. I have come to the conclusion that most of these bigger systems compare reasonably with the few systems that have maintained their credit, except for one factor and that is the drain of funded debt. However, had there been only the underlying bonds of the weaker roads, earnings would have looked very different and would have corresponded closely to the showing of roads with good credit.

I am convinced that there is a future for the railroads. Efficiencies have increased tremendously and I do not believe that the technological development has ended. As to taxes, the roads apparently have some advantage and these of course apply to all other industries. It therefore seems to me that if careful analysis indicates that underlying liens of the kind that I refer to have demonstrated real earning power during the last 12 years, there is every probability that they will continue to have earning power.

As a matter of checking my ideas, I have made various comparisons from all of the investment standards with which I am familiar with bonds of recognized standing. Some of these results were amazing even to myself and I think will startle most people. It is interesting, for example, to see that a first mortgage bond which is selling at approximately par followed by a junior bond selling in the 60's, in the case of a road which has never failed to earn its entire charges and which has had no maturity problems for many years, can be compared with a well known utility bond selling at a 2.75% basis, with every indication that the rail bond is much the superior security. To arrive at this conclusion one must take into account what has been going on in reorganization procedure. While we are waiting for the Supreme Court to clarify the situation, everything to date indicates that priorities are recognized and that a moderate well secured mortgage is either undisturbed or satisfied before junior debt.

If we drop down to bonds selling at substantial discounts, we can find many examples of the same thing. As an investor I think judgment is warped by looking at a discount and saying that one is buying a $1,000 bond. If I pay 60 for a good 4 or 4½% bond, I am investing $600 and my primary interest is to get back my $600 plus interest. Compound interest does strange and wonderful things and, as you know, has taken up most of the slack where any reasonable judgment has been exercised. Should the discount bond pan out at par, some day we would have a handsome "bonus." The higher interest received on the dollars invested will make almost a weird comparison with results obtained in the beaten track. It is interesting to observe that a current return of 7% received for 13 years compounded at only 2½% would give an accumulation of interest which would wipe out the original investment and still leave 2½% interest compounded at that rate in the assets.

I use "X" 4½s which were recently selling at about 50. That is, of course, a 9% current return on a bond which in my opinion never failed to earn its interest charges. It is not the best security of this type but shows the absurd possibilities. Although I believe that this bond should survive reorganization, although with an extended maturity, I then look to see what might happen if I am too ambitious. The pattern of reorganization, which is the worst that I believe is offered by the approximately 30 plans which have gone through the ICC, would give at least a $500 4% bond plus some other paper. Such a new bond would never have failed to earn more than twice its interest charges and on the average would earn a very wide margin. I would therefore have most of my money back and still the additional junior securities for what they might be worth. In the meantime I am sure of getting a few coupons at the 9% rate and this interest collection will be compounded in our assets. The results are worth thinking about. Even should interest be passed for several years on these underlying bonds, actual experience shows very satisfactory results from the interest account.

These investment opportunities, with certain different angles each time, appear every so often. It is easy to refer you to the attitude toward many public utility bonds 10 years ago. A great many of these bonds sold below 60 for one or more years. Excuses were varied. Most institutional trustees or officers were frightened and few, if any, would have thought of touching such securities. During the last three years the same keen judgment has been exercised in buying from 3-3¾% coupons of the same companies at premiums. The fashion had changed. A price of par meant that nobody had to think and we all scrambled to buy. Few of these bonds compare in any investment analysis with some 20 or more rail bonds that have been going begging.

That is my story and I am still trying to find the answer which says my reasoning is all wrong. I have tried to maintain an open mind. I am not using 1942 results as my criterion as I regard this as only an extraordinary period but one which fattens up the kitty.

Yours Sincerely,

(Lack of space made it unfortunately necessary to omit certain portions of this highly constructive letter.)

The above letter appeared in Homer & Co.'s Bond Bulletin of Feb. 1.

Janney In New Connection

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Vernon W. Janney has become associated with Protected Investors of America, 210 West Seventh St. Mr. Janney was recently with Quincy Cass Associates. In the past he was with Hopkins, Hughey & Anderson and was President of Janney-Witherspoon & Co., Inc.

Suspension of SEC Proxy Regulations To Be Studied At Congressional Hearings

Assurances that early consideration would be given by Congress to legislation suspending new SEC proxy rules was given by Chairman Clarence L. Lea (Dem., Calif.) of the House Interstate and Foreign Commerce Committee, on Feb. 15, it is learned from advices to the New York "Journal of Commerce" from its Washington bureau. It was stated in the account that Mr. Lea, who indicated that "interested parties" would be permitted to present their views on the subject to a special subcommittee to be named in a few days, announced that the hearings would be held after Representative Charles A. Wolverton (Rep., N. J.) introduced a second measure calling for suspension of the SEC power to revise its proxy regulations. From the advices to the "Journal of Commerce" we also quote:

"Under Mr. Wolverton's bill introduced today, Congress would retain power to withdraw its suspension of the SEC authority by a concurrent resolution of the legislative body. In the alternative, the suspension of SEC authority would expire Dec. 1, 1944, or six months after the end of the war.

"Mr. Lea also announced, in connection with general revision of the SEC law, that no further hearings are now intended, but that extensive hearings held during the last session of Congress will provide the basis for executive deliberations of the Interstate and Foreign Commerce Subcommittee.

"The subcommittee is to be named to study first, the question of proxy rule suspension and later general revision of the SEC law. Legislative proposals will be drawn up in both instances by the subcommittee for recommendations to the full House Committee. . . .

"An earlier bill introduced by Mr. Wolverton, ranking minority member of the House Interstate Committee, provided simply that SEC should lose its power to revise the proxy regulations until six months after termination of the war. Enactment of the legislation would mean that rules in effect prior to SEC revisions made last December would be effective once more until the legislation expired."

John Hancock Ins. Co. Shows Great Progress

BOSTON, MASS.—Since Pearl Harbor, the John Hancock Mutual Life Insurance Co. has purchased $117,040,000 in War Bonds—total purchases in the year 1942 being $102,540,000, it was announced today by President Guy W. Cox at the 80th annual policyholders' meeting.

Outlining the accomplishments of the John Hancock under war conditions, President Cox observed: "The progress of the company during the year is most impressive. The real test of progress is the increase of insurance in force, and, aided by reason of the apparent determination of policyholders to hold on to their life insurance policies — possibly with a view to post-war needs—insurance in force, which increased $464,746,466 in 1941, increased $540,008,541 in 1942, a new record, and brought the total amount of insurance to $5,618,573,069, the largest amount in the company's history."

Admitted assets at the close of 1942 amounted to $1,288,048,650, representing a gain during the year of $121,550,284, the largest in the company's history. In connection with asset gains it was reported that the market value of the John Hancock's bonds is more than $28,500,000 greater than their amortized value used for asset figures.

Assigned liabilities amount to $1,180,097,157, of which $1,050,423,134 constitutes the legal policy reserve. The general surplus or safety fund is $107,951,493, or 9.14% of the liabilities it protects.

Total gross income was $282,645,332, including premiums of $221,218,118. This total is $10,778,364 more than in the previous year and the gross as well as premium incomes are the highest in the company's history.

Payments to policyholders and beneficiaries in 1942 amounted to $99,673,282.

An interesting feature of the report was the announcement of the increase in group insurance, which in 1942 became a larger part of the business of the John Hancock than in any previous year.

"This growth," said President Cox, "indicates that group insurances have become recognized generally as an essential plan in industrial relations. Today these values are emphasized by the fact that millions of war workers are among those covered; the idea prevails that the protection afforded by group insurance gives the worker a sense of security that helps bring out his best efforts and that group insurance is making a desirable contribution to the war effort."

In conclusion, Mr. Cox stated: "There are about 67,000,000 life insurance policyholders in the United States, and fully one-tenth of this number are members of our company. Life insurance may be regarded as an institution of democracy as it has grown and developed in democratic countries as nowhere else. It is an achievement that represents democracy in action and has come to be essential, not only to the welfare of its members, but also to the communities and to the governments in and under which they live, in times of war as well as in times of peace."

Canadian Securities

(Continued from page 657)

new plant has been financed by the Government. Besides financing her own war needs, Canada has also financed over $2,000,000,000 of British war purchases in the Dominion. How has this vast demand for capital been met? To Canada's lasting credit, over 50% of her expenditures are being paid out of taxation and other current revenue.

CANADA'S FINANCING

Sept. 1, 1939, to Oct. 31, 1942

(Courtesy of Wood, Gundy & Co., Inc.)

Money Obtained:	
Taxation revenue	$3,696,000,000
Other current revenue	293,000,000
	$3,899,000,000
New securities, less domestic domestic maturities	3,651,000,000
	$7,550,000,000
Money Required:	
Canadian direct war expenditure	$3,656,000,000
Other Canadian expenditure	1,622,000,000
Financing British war purchases	2,217,000,000
	$7,495,000,000
Difference (mainly improvement in cash position)	$55,000,000

Another interesting aspect of Canada's wartime financing record is that practically all of her longer term borrowing has been directly from the people. Monetary experts are widely agreed that this is the soundest way to raise funds—and Canada's outstanding record in stabilizing living and production costs is no doubt traceable in part to this feat.

These are some of the reasons—and there are many others which will be presented here in due course—why we believe that Canadian Government obligations are among the most attractive media in the high grade bond field today.

Again Introduce Bill To Revise NY Stock Transfer Tax Rates

Senator Frederic R. Coudert and Assemblyman MacNeill Mitchell have introduced a bill in the New York State Legislature seeking revision of stock transfer tax rates ranging from one-tenth of a cent to 5 cents. The present rate is a tax of 3 cents on each share selling under $20 and 4 cents on each share over $20.

The Coudert-MacNeill bill proposes the following rates:

One-tenth of a cent on shares selling for less than $1, one-quarter of a cent on shares between $1 and $5, 1 cent on shares between $5 and $25, 2 cents on shares between $25 and $50, 3 cents on shares between $50 and $75, 4 cents on shares between $75 and $100, and 5 cents on shares over $100.

"This is the fourth year we have sought an equitable revision of the stock transfer tax so that New York State's exchanges may compete on a more nearly equal basis with exchanges in other States," the two Legislators explained. Last year we did succeed in securing elimination of double taxation of odd-lot stock transfers.

"Removal of that glaring inequity was only a start, however, toward a sound and scientific basis of stock transfer taxation. Our present system can only be defended by those who believe a tax should 'kill the goose that lays the golden egg.'"

Another measure was also introduced by Mr. Coudert and Mr. MacNeill which would permit securities exchanges to collect the tax thus eliminating use of tax stamps.

Preferred Stock Guide

The February issue of "The Preferred Stock Guide" has just been issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. The "Guide," in addition to containing quotations, price range, dividend information and other interesting comparative figures arranged in tabular form, also contains a brief discussion of the situation in Empire District Electric Co. preferred and Mississippi Power & Light Co. preferred. Copies of the "Guide" and an interesting memorandum on Associated Electric Co. debentures may be had upon request from G. A. Saxton & Co.

Eberstadt Leaves WPB; Wilson Named Chief

(Continued from first page)

but the emphasis has shifted; scheduling — both of end items and components—is the overall job of first importance that must be pushed.

"And because the total war program has become more closely integrated, it follows that the man in charge of production cannot discharge his duties adequately unless he also controls the flow of materials into production channels.

"In other words, materials control and production control today are all one integrated job. They cannot be considered separately. They must be directed as one job, not two.

"Under my supervision, Mr. Wilson will have full authority to make the necessary decisions to carry out the WPB production programs for aircraft, escort vessels, rubber, high octane gas, merchant vessels and all other war items. I am confident that he will continue to keep production going up."

HAnover 2-0050 Teletype—N. Y. 1-971

FOREIGN SECURITIES

CARL MARKS & CO. INC.
50 Broad Street, New York

Direct Wire to C. M. & Co. Inc. Chicago, Ill. Phone State 6693

Our Reporter On "Governments"

By S. F. PORTER

A few days ago, according to an authoritative report, one of the biggest insurance companies in the nation completed a liquidation order in partially tax-exempt bonds in the amount of $500,000,000. . . . For weeks, this order has been hanging over the market, been supplying bonds to any buyers who came along. . . . And yet, while the selling was going on, the Government bond market—including the tax-exempts—rose as much as 8/32. . . .

Selling has been coming in from savings banks, which also have no need for the tax-exemption feature. . . . Selling has been coming in from the Federal Reserve Banks, which also have been supplying securities during this period of rising prices and experimenting with "control in reverse." . . . The institutions not in need of the tax exemption feature have known for many, many months the advisability of shifting from exempts at a premium into taxables near par. . . .

They've been carrying out the indicated operations. . . . They've been selling tens of millions and are coming near the end of their program. . . .

And yet, the tax-exempts have been as strong or stronger than the rest of the market. . . . The tax-exempts have been as attractive or more attractive than the rest of the market. . . . Why? . . . The obvious and accurate answer is that the demand from sources vitally interested in any tax-exemption privilege they can get has surpassed, is surpassing and will surpass the supply. . . .

And this demand is growing while the supply of bonds not only in the hands of sellers but also in the hands of any investor is diminishing. . . .

Read this analysis carefully. . . . Follow this, for it's important as a guide to what may be a major move in policy on your part if you're acting for a commercial bank, trust fund, estate or individual wealthy investor. . . .

THE SUPPLY

There are $32,000,000,000 of tax-exempt notes and partially tax-exempt bonds outstanding in the hands of investors today. . . .

Of this total, $16,000,000,000 will mature within the next six years. . . .

Banks have been and are large holders of the fully tax-exempt notes. . . . Individuals are large holders of the partially tax-exempt bonds. . . .

The $32,000,000,000 total—which is declining steadily—compares with an over-all funded debt total of $100,000,000,000. . . . Study that comparison too. . . .

Now here's what we're losing. . . . Just in 1943 alone. . . .

$454,000,000 of Treasury 3⅜s due 6/15/47/43, due for call and redemption in June. . . .

$1,401,000,000 of Treasury 3¼s of 10/15/45/43, due for call this October, possibly for refunding into taxables or for redemption at a time when other taxables are being sold and no conversion privilege is included. . . .

$269,000,000 of Treasury 1⅛s, maturing June 15, 1943. . . .

$279,000,000 of Treasury 1s, maturing Sept. 15, 1943. . . .

$421,000,000 of Treasury 1⅛s, maturing Dec. 15, 1943. . . .

Just this year alone! . . .

And next year, in the bond list will go the $1,519.000,000 of 3¼s, due 4/15/46/44 and the $1,037,000,000 of 4s, due 12/15/54/44. . . . In the note list will go the $515,000,000 of 1s, due March 15, 1944, the $416,000,000 of ¾s, due June 15, 1944, the $283,000,000 of 1s, due Sept. 15, 1944 and the various guaranteed loans with maturity dates through the next 24 months. . . .

These figures mean something. . . . They mean that the supply is going fast and the rate of increase in demand will soar exactly when the rate of decrease in supply will fall off. . . .

And now let's get personal about this and consider a program of action. . . .

WHERE TO THEN?

If you represent an insurance company or savings bank, you're not particularly interested in this discussion, except as a clue to your future selling of tax-exempts. . . . But if you're part of the great majority outside of those favored classifications, you face a loss of your tax-exempts at a time when you need the privilege most. . . . So where do you go then? . . .

Chances are you'll replace your holdings, of course. . . . Replace them with taxables bought at the issue dates at par. . . . Or you'll refund yourself and handle your own operations by switching from tax-exempts being called into tax-exempts still available. . . .

But everybody else who holds the 3⅜s or 3¼s or 4s will be thinking along those lines at the same time you're getting the idea. . . . It is logical to expect the tax-exempts to gain in value as scarcity-plus-new-demand become the dominant factors. . . .

Naturally, you're facing a period of rising taxes. . . . Whatever changes take place in the tax laws—without putting ourselves out on a limb with impertinent guesses about the views of Congress—we know will take place on the upside. . . . If anything, the normal tax rate will go up. . . .

So why not refund your tax-exempts now? . . . Why not move out of your maturing or near-maturity tax-exempts into longer term tax-exempts and thereby:

(1) Protect your tax-exempt position as much as possible;

(2) Be in on the ground floor of any extra-special rise in tax-exempts which takes place in the future. . . .

(3) Increase your income in tax-exempts by moving out into a longer maturity range. . . .

Why not? If you need tax-exemption, what's wrong with this argument? . . . As this writer sees it, nothing is wrong with it and therefore, the study of the purchase of longer-term tax-exempts by investors interested in this feature is strongly advised. . . .

There's plenty of play in this section of the market, much more than you might notice on the surface and through a casual glance at the quotations. . . .

It's possible, though, that until the April borrowing is out of the way, the big speculation and activity will take place in the taxables and in the new issues, so you have until then to make up your mind. . . .

But if you're going to go through with this shift, you might as well get set today. . . .

TO BE SPECIFIC

If you represent a bank, then you may be restricted by the stated Administration policy of confining your purchases to the 10-year maturity range. . . . In which case, you might switch out of the 3⅜s or 3¼s of 1943 and the 3¼s and 4s of 1944, selling at prices to yield from 0.12 to 0.61% after taxes. . . . And into the 2¾s of 1951/48, selling at a price to yield 1.06% after taxes or into the 2½s of 1952/50, selling at a a price to yield 1.33% after taxes or into the 2¾s of 1954/51, selling at a price to yield 1.41% after taxes. . . .

Or if you can afford a longer maturity, the most attractive bond on the list today from this point of view seems to be the 2⅞s of 1960/55, selling at 109⅛ to yield 1.66% after taxes. . . .

That may be considered a 1955 maturity, or only a 12-year bond, partially tax-exempt and yielding as much as 1.66%. . . . That's a good one. . . .

R. Hoe common
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WARREN BROS.
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A. C. Widmann Forms Own Investment Firm

CINCINNATI, OHIO—The partnership of Widmann & Holzman has been dissolved, it is announced. Albert C. Widmann is forming a new company, to be known as Widmann & Co., with offices in the Carew Tower, to conduct an investment securities business specializing in municipal bonds.

Wallace Holzman has left the investment field to enter the manufacturing business.

Legal Oddities

INCOME OR PRINCIPAL

"You're the trustee under Uncle Henry's will," the nephew declared, "and by the terms of that will he left everything to you in trust to pay the income of the estate to the widow for her life, and then to hand the estate over to me. lock, stock, barrel and sinker."

"That's right," the trustee agreed.

"And part of the estate consisted of 1,000 shares in the Prosperity & Optimism Corporation, and they've just declared a stock dividend of 1000%."

"Yes—I got notice of it day before yesterday, the stock certificate'll be along now any day, and when it does I'm going to hand it over to the widow as part of the income of the trust estate."

"That is, you claim it's income and not principal."

"I do."

And the trustee was right, as the Courts of California, Kentucky, Maryland, Minnesota, New York, New Jersey, Pennsylvania, South Carolina, Tennessee, and Wisconsin, have followed the so-called "Pennsylvania Rule," which holds that stock dividends declared subsequent to the creation of the life estate and paid out of subsequent earnings, are income and go to the life tenant—not to the remainderman.

"It seems to us that the 'Pennsylvania Rule' is the most reasonable, and that its application will be more likely to effectuate the intention of the testator," said the Minnesota Courts in a case on the point.

On the other hand, the so-called "Massachusetts Rule" is that stock dividends, no matter when earned or how declared, are capital and not income, and go to the remainderman, and this rule has been adopted by the Courts of Connecticut, Georgia, Illinois, Massachusetts, and Rhode Island and also by the U. S. Supreme Court.

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The following are members of the Bond Traders Association of Los Angeles who are now serving in the armed forces. The Los Angeles Association is an affiliate of the National Security Traders Association.

U. S. Army—Major J. Earle Jardine, Jr., Lieut. Paul J. Goldschmidt, Lieut. William Miller, Sergeant Pierce R. Garrett, Private Parkman E. Hardcastle, Private Timm D. Splillane, Private Kenneth H. Thompson.

U. S. Navy—Lieut. Milton C. Brittain, Lieut. Donald C. Foss, Lieut. Elmer E. Meyers, Ensign Charles B. Boothe, Yeoman 1st Class Max Hall.

Towne Securities Offers Interesting Situation

The 7% cumulative preferred stock of Towne Securities Corp. offers interesting possibilities at current levels, according to a circular issued by J. L. Schiffman & Co., 60 Broad Street, New York City. Copies of the circular may be had from the firm upon request.

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The Business Man's Bookshelf

Dynamics Of Business, The—Norman J. Silberling—McGraw-Hill Book Company, 330 West 42nd Street, New York, N. Y.—cloth—$5.00.

Twin Cities Traders Hold Annual Dinner

MINNEAPOLIS, MINN.—Twin Cities Bond Traders Club is holding its annual mid-winter dinner today from 4:00 p.m. on at the Dyckman Hotel in Minneapolis. Members of the entertainment committee are: J. E. Masek, Charles E. Fuller Co., Minneapolis, Chairman; C. J. Rieger, Jamieson & Co., Minneapolis, and Paul Matsche, Paine, Webber, Jackson & Curtis, St. Paul.

Rambo, Keen Appoints Davis V-P; Green, Director

PHILADELPHIA, PA. — Announcement is made of the appointment of Edmund J. Davis as a Vice-President and Harry F. Green as a director of the Philadelphia investment firm of Rambo, Keen, Close & Kerner, Inc., 1518 Locust Street. Mr. Davis, who is a director of the firm, will continue in charge of their corporate trading department and Mr. Green will remain as Treasurer of the firm.

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 157 Number 4152 New York, N. Y., Thursday, February 18, 1943 Price 60 Cents a Copy

Withholding Tax At Source Held Essential To Combat Inflation

The need for a withholding tax at the source was stressed in a statement submitted by Elisha M. Friedman, of New York, to the House Ways and Means Committee in Washington on Feb. 12. Pointing out that "incomes in the lower brackets have risen sharply and threaten inflation," Mr. Friedman, who is a consultant economist, stated that "a withholding tax promptly withdraws excess purchasing power," and in advocating such a tax he added that "we can have deduction at the source without adopting all of the features of the Ruml plan." In contending that a withholding tax is desirable, Mr. Friedman said, "People in the lower income tax brackets do not budget their income or keep books. People in the upper income brackets accrue their taxes. A withholding tax is unnecessary for them but may be desirable for the Treasury. A withholding tax would make it possible to change rates up or down promptly as conditions require. Our tax rates in the lower brackets are still low compared to other countries. But in other countries the tax is collected weekly or monthly at the source.

"For the year 1943 Mr. Randolph Paul estimates that there will be 44 million taxpayers. But 40 million will have an income of less than $2,000. It would simplify the Treasury's administrative problem if it forgave the 1942 tax for this group or taxed them at 1941 rates, so that many would be forgiven automatically. They could then be taxed currently at the source. The remaining 4,000,000 taxpayers with incomes over $2,000 could continue to stay one year behind. The administrative problem for this group is manageable. It has been manageable despite the depressions of 1921, 1932 and 1938."

In Mr. Friedman's view, "the Ruml plan is not pay-as-you-go but pay-in-advance." He further said:

"Its progenitor is R. H. Macy's D.A., Depositor's Account. You put down your cash before you buy. Mr. Ruml would apply this plan of a department store to the Federal Treasury. But for the store's customers such a plan is optional. For the taxpayer, it would be mandatory. However, after 1938 Macy's reversed the Ruml Plan. They shifted from the D.A., or "depositor's account," to the "charge account" basis.

"Why do we have to catch up on the liability for taxes only, particularly for the upper brackets? The American public has vast other liabilities. Installment debt outstanding in September, 1941 was abmost $7.0 billion, owed mostly by little people in the low brackets of income tax. These little people's income tax debt from year to year is small by comparison. We have other debts beside tax debts. The private debt is $79 billion and the private interest payable is $3.3 billion yearly."

In his statement Mr. Friedman also said:

"Deduction at the source has been applied in other countries. In Belgium and Germany a withholding feature was introduced simultaneously with the income tax in the 1920's. The wage earning class files no returns, and simplifies tremendously tax administration. We could perhaps adopt the German and Belgian system of segregating wages and salaries from the other incomes.

* * *

"Much of our current tax difficulty is caused by the long lag between the end of the year when the income is earned and the date of the final installment payment. In Great Britain, on yearly earnings through December the tax is due in one lump sum next April. For the wage earners on every half year's income the payments were within the twenty-one subsequent days. The fiscal half year ended

(Continued on page 670)

From Washington Ahead Of The News

By CARLISLE BARGERON

Following Clare Luce's job on Henry Wallace, Washington has suggested a theme song for him and I insist it should be played every time he appears on the stage just as theme songs are played for Jack Benny, Fred Allen and the other stars of America's current theatre. It is: "Did you ever see a dream walking?"

Envious people are predicting dire things for the winsome Clare, but there is no escaping the fact that so far she has had a profound effect on national and world affairs. It didn't used to be this way. But we have gone in so much for personalities, for ideas, in Government that the well planned quip may turn the whole course of human affairs. Depth of understanding doesn't count for much anymore. It's the headlines that count.

Clare's influence, however, goes further than this. She was recently on a nationwide radio forum with Jack Nichols, Congressman from Oklahoma, and one who has always considered himself to be in the thick of things, even back there before the November elections when the Bureaucrats were treating the Congressmen with contempt. What I mean to say is that the Bureaucrats accepted Nichols as one of the "better" members, one of them with the "broad, social" viewpoint. His having this standing, you can appreciate that it means something for Clare to leave her impress upon him. Well, in her speech she used a lot of quotations from poetry. Nobody had ever associated Jack with poetry before but before the program was over he was drawing freely from Tennyson. It must have annoyed him no end later when several people called the radio station and wanted to know if it was Wendell Willkie talking with Clare.

Both Jimmy Byrnes and Prentiss Brown sold themselves to the country's editors who gathered in Washington over the week-end. It is a question of who did the better job. Their approach was the same. Mistakes have been made, there has been a lot of crackpot stuff that is now going to be cut out. But you gentlemen must bear with us. Think of the tremendous job we have on our hands. How would you like to have our jobs?

Few of the editors asked why there should be such jobs as these two men have got in the first

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THE FINANCIAL SITUATION

With each announcement from Washington and with each step taken to solve the so-called manpower problem, it and the situation by which it is surrounded becomes more clouded and more muddled. We are now told that some 4,000,000 men must be added to the armed services during the current year, which would indicate armed forces at the end of the year totaling about 11,200,000 men—a figure said never to have been equaled anywhere in the world. Meanwhile, with food shortages on every hand and more threatening, the National Industrial Conference Board finds the number of hired men on the farms in December the lowest on record. Spectacular wage earnings in industry and the selective service have evidently already drawn the farm labor force down to dangerous proportions—and the farmer will decide within the next month or two how many acres of food crops and how many livestock he can manage with the help in sight. In industry, labor shortages exist in a great many communities and what surplus there was in other areas is steadily if not rapidly disappearing.

Ex Cathedra "Explanations"

To those intelligent men of long experience in industry, transportation and agriculture who question the wisdom of plans which require those who are left in civilian life to support, equip and transport armed forces of this size to the four corners of the earth, and at the same time to feed our allies and others necessary to maintain the total war effort, the answer is an ex cathedra statement, apparently originating with the Army, that we need that many men in the armed services "to do the job" by which we are confronted. The plain implication of such a statement appears to be that, whether impossible or not, it is the duty of the civilian population remaining to do what is required of it without asking questions or complaining. Possibly, such a duty does rest upon those not bearing arms. It seems to us, however, that this is hardly the way to get the most from the rank and file of the people who are already so confused by conflicting official statements, so skeptical as a result of continuous "cleverness" in approaches made to them by those in public life, and so uncertain of anything as a result of the paucity of information permitted them, that their state of mind is one of rather untrusting bewilderment.

Certainly if this staggering task is to be set for the

(Continued on page 667)

Profits, Real And Fancied

"Corporate profits before taxes have risen to unprecedented peaks. Apart from certain loopholes in the tax system, however, the great bulk of the excess profits is turned to the Government through excess profits taxes. But in the struggle to achieve stable prices and stable costs, it would be desirable to keep costs and prices down rather than to let excess profits accumulate, even though most of them are ultimately recaptured by the Government.

"Excess profits provoke inflationary wage demands. An excess profits tax is no excuse for maintaining exorbitant prices or for saddling excessive costs on the Government or on consumers.

"Accordingly the Office of Price Administration is today reviewing the present structure of prices and will reduce prices wherever exorbitant prices are found to exist."—James F. Byrnes, Director of Economic Stabilization.

How unfortunate it is that we ever got into the habit of talking about "profits before taxes!"

As if there were really any such profits!

We might almost as well speak of "profits before wages," or "profits before rent," or profits before any of the other bills are paid.

When the real profits from current operations are reckoned, the question is not whether they are "excessive" or "exorbitant," but whether they are sufficient to permit adequate reserves against the inevitable expense of converting to peacetime production and post-war contingencies certain to arise.

Editorial—

Again The "Punish With Candy" Theory

The Administration's order directing all employers in 32 areas to adopt the 48 hour work week and pay time and a half for all hours worked over 40 may be criticized on many grounds, but perhaps as serious as any is the adherence to what might be called the "punish with candy" theory. By that theory we mean that whenever the exigencies of war or politics have required the Administration to take any action that might possibly disappoint its labor bloc friends, it always "sweetens" the action in such a way that the measure becomes palatable, if not enjoyable, to the labor bloc. Sometimes, of course, the sweetening neutralizes the effect of the action taken, but that is simply a risk you take when you are a devotee of the punish with candy theory.

Actually, the Administration has applied this theory to the farm bloc as well as to the labor bloc. Students of farm economics will recall that the Administration is itself to blame for the outrageous demands in the form of higher prices which the farm bloc has pushed and won. The whole thing was touched off when the Administration first decided to crack down on farm prices almost two years ago. How did it crack down? Why, with the punish with candy theory. The Secretary of Agriculture announced that farm prices would be **restrained** at levels considerably **higher** than those then prevailing in the market place and that the higher levels would be maintained with crop loans at guaranteed price levels.

To an appreciable extent this application of the punish with candy theory—this method of holding down (?) prices—was responsible for the farm bloc's activities in the months that followed.

The most outstanding recent instance of the theory being applied to the labor bloc came with the promulgation of the famous Little Steel formula. After having for months sternly denounced those who favored freeze wages as Canada had done, the Administration in April of last year rather reluctantly announced that wages must be restrained.

This was unsavory news for the labor bloc, until they learned that the National War Labor Board would interpret just what the word "restrain" was to mean. And when the Board handed down its Little Steel decision, labor learned just what the candy would be that was to go with the restraint. To anyone familiar with the Alice-in-Wonderland economics of the past decade it was not surprising that the Little Steel Doctrine bravely fought against wage increase inflation by awarding thumping good increases to all employees in the mass production industries. Nothing like a little gasoline to quench a fire!

Under the influence of the Administration's wage restraints as imposed by the Little Steel formula, hourly wages in war manufacturing industries increased by almost 9% from April, when the President announced that wages must be controlled, until October, when the new wage freezing law went into effect!

Now, we come to another exemplification of punish with candy. With the opening session of Congress, bills were fed into the hopper to end the 40-hour week. In area after area, acute shortages of workers began developing, and with work or fight orders being freely talked about in Washington, it was simply untenable to continue a defense of the 40-hour week.

But, all organized labor was committed to the 40-hour week, so its abolition must be so sweetened that no very serious objection would be raised by the bloc. The sweetening decided upon certainly seems adequate—with no change whatsoever in the 40-hour week law, with employers in all lines of industry and trade being forced to work employees 48 hours and pay them time and half for the eight hours.

One other aspect of this announcement and the punish with candy theory needs emphasis. Always the actions taken have been designed to head off more serious, less palatable measures under consideration in Congress.

Most of the criticism of the 48-hour week edict has been confined to the obvious inflationary implications of raising wages by 30% when hours worked rise only 20%, and the action does indeed promise a healthy jolt to price-control moves. Get away from percentages for a moment and look at some figures that will show the effect of the action.

The order will not materially change conditions in the majority of war industries since they are already on a scheduled 48-hour week with time and a half for the extra eight hours. However, when the order is applied to most industrial regions, as it will be eventually, it will apply to some 7,000,000 or more employees in the non-war industries who are working only 40 hours a week or less.

If we assume those 7,000,000 to be earning on the average 80 cents an hour, the 48 hour week would increase their wages overnight by almost $70,000,000 a week or $3,500,000,000 a year. The overtime premium alone would add almost $1,300,000,000 or thereabouts to the annual incomes of this 7,000,000.

Anyone who has ever lived in an industrial town will testify that such sudden increases constitute "hot money" that burns pockets—hot money sure to aggravate inflation problems. The increases involved are staggeringly huge, but their inflationary impact would be magnified because the increase would occur so suddenly. A wage-increase avalanche such as the Little Steel formula touched off gathers momentum rapidly and in **months** affects hundreds of thousands of employees—but here is a wage increase scheme that would at some time in the near future **on one single pay-day** give millions the biggest boost they have ever had.

We want to see the wage ceiling that can hold under the impact.

Of course, we have been considering only one aspect of the problem. Probably no one in the Administration ever considered the order from the viewpoint of the employer—but his plight should be worth a paragraph or two, especially when it too will affect us all.

The vast majority of the non-war industries most concerned about the 48-hour week order have many other headaches to plague them. The textile, food, and other such industries find that price ceilings, new and proposed, afford them little or no profits despite current large volumes. In addition, many are in the midst of government-ordered simplification or standardization or grade labelling programs that entail large expense as well as rather frightening changes in the normal methods of doing business. All encounter increasing difficulty and expense in getting raw materials and supplies needed for maintenance and repairs.

In view of all this, can the nation expect these industries to absorb a 30% increase in labor costs when other developments already have whittled profit margins to the bone? Even the Office of Price Administration cannot expect such huge labor costs to be absorbed, and in the soft coal industry, it already has approved price increases to help compensate for the cost of overtime pay, when that industry added a sixth day to its normal five-day, 35-hour week schedule.

In the coal industry, the price increase allowed on account of the overtime wage boost amounted to 8%. Suppose the OPA is forced to allow such an increase to most branches of the textile industry, and to many branches of the food processing industry? An increase of anything like this magnitude will clearly destroy inflation control by stirring up anew the farm bloc to demand even greater boosts in agricultural materials. And so on up the spiral.

The choice is clearly there—either boost prices to cover the costs or see thousands of non-war industries penalized to the point of bankruptcy. Most of those most hurt will inevitably be the smaller firms about which Congress has so often expressed concern.

The adoption of the 48-hour week could have been accomplished by an orderly process that would neither have caused inflation nor upset materially the operations of small business. If the overtime premium required for hours above 40 had been removed for concerns in the non-war industries, the adoption of the 48-hour week would have eventuated gradually and with a minimum of disturbance.

But there would have been no candy in such a procedure.

There is plenty of candy in this order to offset the punishment, but some followers of this new theory are going to learn another and far older saying before they are through—and that is, "You can't have your cake and eat it too."

The State Of Trade

The news generally from industrial areas and from the retail trade continues favorable. While electric power production for the week ended Feb. 6 declined from the record high established in the preceding week, there was a gain of 14% shown above the corresponding 1942 period, according to the Edison Electric Institute.

The total of 3,960,242,000 for last week compared with 3,976,844,000 kilowatt hours in the previous week and 3,474,638,000 a year ago.

The Pacific Coast area again showed the greatest gain, with an increase of 29.9%, while the New England region had the smallest with a gain of only 3.1%.

Steel production in the United States is scheduled this week at 99.5% of capacity, indicating output of 1,702,100 net tons of ingots and castings, compared with a rate of 99.3% and output of 1,698,700 tons last week, according to the American Iron & Steel Institute.

For the like 1942 week production was 1,634,100 tons and operations averaged 96.2% of then existing capacity.

The Institute also disclosed that alloy steel production in the United States reached a new all-time peak in 1942 at 11,351,000 tons, up nearly 40% from the previous top of 8,206,000 tons in 1941, and about four times the tonnage needed to meet the average yearly peace-time alloy steel requirements.

Car loadings of revenue freight for the week ended Feb. 6 totaled 755,386 cars, according to reports filed by the railroads with the Association of American Railroads. This was an increase of 20,804 cars from the preceding week this year, 28,576 cars less than the corresponding week in 1942, and 45,190 cars above the like period two years ago.

This total was 121.23% of average loadings for the corresponding week of the ten preceding years.

The railroads have nearly reached the saturation point in freight carrying capacity, according to Brigadier General Leonard P. Ayres.

"Surplus freight cars and reserves of freight locomotives are now so few that the limits of the carrying capacity of the railroads are being rapidly approached," the retired army officer explained in the monthly business bulletin of the Cleveland Trust Co.

The economist cited these statistics:

In the summer of 1938 about 44% of the freight locomotives were either in the shops awaiting repairs or in storage. The percentage of unused locomotives decreased yearly, until in October, 1942, the figure had dropped to 12%. Freight cars out of use in 1938 totaled 32% of all owned by the roads, and by October, 1942, this had dropped to 4%.

"It is difficult to hold the number in the shops to as low a level as 10%, and 2% of serviceable locomotives held in storage is a smaller reserve for emergencies than a railroad ought to have," General Ayres declared.

He said further, "that the railroads took only a little more than two-thirds as much steel in 1942 as in the previous year.

"They were not allowed to use as much as they needed, and that particular economy may prove costly to our war effort, because it is not useful to expand our steel production unless the railroads' cars are kept sufficiently well equipped to carry it to the places where it must be used," he asserted.

"The most effective way to increase our outputs of ships and munitions in 1943 would be to allow the railroads to buy more locomotives and more cars."

The "Engineering News-Record" reported a further drop in heavy engineering construction in January, compared with December, estimating the weekly average for the month at 24% below December and 55% under January of 1942.

For the four weeks in January the total was $226,826,000, against $373,622,000 in the five weeks used for December and the $628,780,000 in the five weeks of January, 1942.

The weekly average of private construction dropped 46% under December and 62% below January a year ago; public work was down 27% on the month, 54% on the year.

Federal contracts made up 88% of the January total, private work 7% and State and municipal 5%.

Department store sales on a country-wide basis were up 19% for the week ended Feb. 6 compared with the like week a year ago, according to the Federal Reserve Board.

Store sales were up 5% for the four-week period ended Feb 6 compared with last year.

Department store sales in N. Y. City in the week ended Feb. 6 were 11% higher than in the like 1942 week, and in the four weeks ended Feb. 6 were 4% lower than the comparable period a year ago, according to the New York Federal Reserve Bank.

Department store sales in N. Y. City in the week ended Feb. 13 were 20% larger than in the like week last year, according to the New York Federal Reserve Bank.

Sales for the first two weeks of February were 15% above the like 1942 period. For the month of January, however, sales were 7% below those of the like 1942 month. It was pointed out that in January last year sales were exceptionally good.

Business failures increased to 84 in the week ended Feb. 11, from 82 in the preceding week, Dun & Bradstreet, Inc., report. The latest total was 60% under the 210 reported in the corresponding week a year ago.

Non-Farm Foreclosures Down Sharply In 1942

The Federal Home Loan Bank Administration reports that for the year 1942 non-farm real estate foreclosure activity was substantially below that of 1941. The estimated number of cases, 42,331, represent a decline of 28% from the year of 1941 and a decline of 81% from 1934. Non-farm foreclosures numbered less for each month of the past year than for the corresponding month of 1941. Rises in value of residential properties, coupled with increased employment and higher wages throughout the country, have protected the equities of home owners and in this manner forestalled many foreclosures.

The FHLBA report continued:

"Improvement in the foreclosure situation during 1942 was widespread geographically. Each Federal Home Loan Bank District declined during the year with decreases ranging from 43% for the Indianapolis District to 22% for the Pittsburgh District. Still further study reveals that all but three States declined for the year.

"In December foreclosure cases declined still further, thus continuing the downward trend which has been evident over a period of nine years. There were 2,927 cases registered in this month compared to 3,081 cases in November. This decline of 5% is contrary to the normal seasonal increase of 1.4% in December. The seasonally adjusted index for December was 21.9 to 23.4 for November (1935-1939 equals 100).

"The foreclosure rate for the United States as a whole during 1942 was 1.9 cases per 1,000 structures as compared with 2.7 for 1941. Only Boston, New York and Pittsburgh Bank Districts reported a rate greater than the national average. Foreclosure rates used in this report are based on the 1940 census of non-farm structures and are therefore not comparable with the previously published data."

Churchill Back From Africa

Prime Minister Winston Churchill returned to London on Feb. 7 from his 10,000-mile air tour of North Africa and the Middle East.

Following up his conference with President Roosevelt at Casablanca and his talks with President Inonu of Turkey at Adana, the Prime Minister reviewed troops at Cyprus and on Feb. 3 visited Tripoli, where he expressed his thanks to the victorious British Eighth Army and Allied Air Forces. He later conferred with Lt. Gen. Dwight D. Eisenhower and other Allied commanders at Allied headquarters in North Africa.

The Casablanca conference was referred to in these columns of Jan. 28, page 370, and the Turkish meetings in our issue of Feb. 11, page 578.

THE FINANCIAL SITUATION

(Continued from first page)

people of this country, it is the height of folly to persist in placing obstacles in the path of the most effective performance. Yet who can fail to find in the price policies, the weird wage and salary stabilization efforts, the limitation on the salaries of key business executives, and now the 48-hour week edict, serious impediments to smooth functioning? The course of Administration policy has been strange as well as disconcerting to business. As every one knows the cost of living has continued to rise notwithstanding elaborate price controls. Wage control has failed to prevent a steady creeping up of rates of pay to workmen, and the rules and regulations under the so-called stabilization procedure have been a nightmare. The 40-hour week, utterly indefensible in times such as these, has been under constant attack.

Mr. Lewis Steps In

All this has been going on for months, but a short time ago John L. Lewis, arch-enemy of the President, has been anything but cooperative in consenting to a lengthening of the hours of work in the nation's coal mines, and let it be known that he intended to see to it that the miners obtained an increase in wages when their present contract expires which it does in a few weeks. Then out of the blue comes a renewed determination to maintain what has become known as the "Little Steel" ruling, to prevent further price increases and an edict designed to establish a general 48-hour week—but, of course, with a continuation of time and a half for all time over 40 hours. All the familiar arguments about inflation are again brought forward—without the slightest recognition of the fact that nothing stimulates production so much as price. To give these various lines of reasoning the appearance of consistency it was necessary to bring forward a novel argument to show that higher wages in the form of time and a half for eight hours each week, quite contrary to the ordinary kind of increase in wages, would not be "inflationary." The net result of it all is anything but heartening.

Nonsense About Inflation

Any contention that more pay as a result of greatly increased overtime work will not tend to widen the so-called inflationary gap is patent nonsense, as a moment's reflection will clearly prove. As to the theory that production will be increased, let it be recalled that the disparity, known as the inflationary gap, is between expendible income and the volume of goods available for purchase by those who have the funds, that is to say of ordinary civilian goods. Save in agriculture, where the 40-hour week does not apply and where it is without effect except indirectly, the object of the 48-hour week is to increase the production of military goods, not products for civilian consumption. The central purpose is to produce a minimum of civilian goods with a minimum of manpower, draining off workers to war industries as rapidly as possible.

Now consider how the dictated 48-hour week affects pay envelopes. Let us suppose a case where the workers receive $1 per hour for 40 hours of work per week. Their pay envelope at the end of the week contains $40. Now let us suppose they work 48 hours, forty at $1 per hour and eight at $1.50 per hour. Their pay envelope will then contain $52, or $1.08⅓ per hour. Each worker receives $12, or 30% more each week, and the employer has been obliged to pay over 8% more per hour for the labor he has bought. The net result, so far as inflation is concerned, of a full effectuation of this decree would be to add 30% to expendable funds of the workers (less whatever is now received for work in excess of 40 hours per week), and the volume of available consumption goods would be no larger than before, except as more workers, if any, are made available to agriculture.

The Ordinary Business Man

And what of the employer the nature of whose business precludes war orders? It is assumed—without evidence—that the tax-payer is willing to bear the increase in cost of war goods. But what of the great rank and file of business men, great and small, who are often engaged in producing goods without which the nation could not possibly continue to support even an army much more moderate in size than that actually planned? Are price ceilings to be made flexible enough to enable him to absorb this added cost? He is already in danger of being crushed between the upper and the nether millstone. It is no answer to assert suavely that such is war! The truth is, of course, that successful war is not conducted in any such manner. Many of these enterprises are very nearly as essential to succesful conduct of war as they would be if they were making planes and guns. The civilian population could not exist without them. Is this a sensible way to obtain maximum production from the total population to support total war?

Space does not permit discussion of some of the more immediately practical phases of this remarkable edict, the insuperable difficulties of applying it. But enough has been said to make it clear that we are trifling—or worse—with a very dangerous situation.

Socialized Real Estate Post-War Threat Of Unhampered Bureaucracy, Says Mullenix

The same sort of complacency that permitted the "cancerous growths in Berlin, Rome and Tokio" to develop in the past 20 years is a threat to us today because we are permitting bureaucracy to grow unhampered, Charles A. Mullenix, President of the Mortgage Bankers Association of America, told members of the Real Estate Board of New York, Inc., at their annual banquet on Feb. 6. Mr. Mullenix said:

"It is difficult to liquidate bureaucracies because, regardless of the wishes of Congress, they find ways to perpetuate themselves. An example is the United States Housing Corporation, which directed war housing in 1917-1918 and still has not been completely liquidated. The HOLC is another agency that has served its purpose and should be completely liquidated, according to its instructions from Congress."

One of the great post-war problems for real estate owners, he said, is the danger of permanent rent control which would "force complete socialization of real estate — in other words, national communism. Here, during the war period, we have seen bureaucracy operate in its worst form, interpreting laws to suit its prejudices and attempting to promote class hatred between landlords and tenants under the guise of making rent control effective."

He said the "landlords of the country" are not only those who own large apartment buildings in the big cities but are the thousands who have put their life savings into two and three-family units to provide an income for their old age—"their own social security, if you please. These are the people who are really hit by the caprice of these demagogues."

City rebuilding and city planning will be far more vital problems for urban America in the post-war period than most people realize, he said. They are so vital, he declared, "that the death knell may be sounded for those cities that do not meet the problems and overcome the dry rot that has developed. The 'public housers' can think of nothing in planning beyond their public housing racket."

The problem is particularly acute in New York City, he pointed out, because of the many problems involved. Among them he cited "the effect of air freighters on the port of New York and the changing financial picture." As to the financial factor, he declared, "after the first World War New York was the financial center of the world—Washington occupies that position now. You may succeed in again making New York the financial center of that part of the United States east of the Rockies—and you may even succeed in again becoming a great financial center serving a portion of the world."

Returning to the national scene, Mr. Mullenix said it is wrong to criticize those things in our national life we don't like—and rest our case there. "If the Government has over-stepped what we consider proper bounds in its infringement on private business, we should take stock of private enterprise and determine what its failings have been."

New Series Of Radio Programs On Rationing

Prentiss Brown, Federal Price Administrator, was the first guest speaker in a new series of radio broadcasts entitled "Washington Reports on Rationing," which originated in Washington on Feb. 14. This series, to be heard over a coast-to-coast network of the National Broadcasting Co. every Sunday afternoon at three o'clock (EWT), is presented by the Council on Candy As Food in the War Effort in cooperation with the National Confectioners' Association.

Ernest K. Lindley, Chief of the Washington Bureau of "Newsweek" and well-known news correspondent, will be the principal commentator throughout the series.

Introducing the series of programs on rationing, Mr. Brown outlines the manner in which the general public may obtain the greatest benefits from the rationing program. Other important Washington personalities also will appear as guest speakers with Mr. Lindley in subsequent programs, discussing the last-minute developments each week on the subject of rationing and how it applies to the individual homes of the nation.

The Council on Candy As Food in the War Effort presents this series as a public service on the most important subject confronting the nation as a contribution toward helping win the war. Its principal purpose is to help people on the home front to understand and successfully apply the fundamentals of the rationing program as administered by the Office of Price Administration. Questions from the radio audience concerning rationing will be invited throughout the series, and these will be answered by Mr. Lindley and the various guest speakers.

New Naval Aide To FDR

The White House announced on Feb. 4 that Captain John L. McCrea, the President's Naval aide for over two years, has been relieved, at his own request, in order to command one of "the biggest and most powerful ships" of the Navy.

Captain McCrea's regular three-year tour of duty would not have expired until October, 1943. He will be succeeded in the White House post by Rear Admiral Wilson Brown, who served one tour of duty as Naval aide to President Roosevelt back in 1933. Admiral Brown was Commandant of the First Naval District at Boston and formerly commanded a task force in the Pacific last March, which sank or badly damaged more than 25 Japanese ships in the Lae and Salamaua operations.

Adjusting Lend-Lease To Prevent Dislocation Of Export Trade, Says Young

In an address outlining the "Present and Future Effects of Lend-Lease Operations on Foreign Trade," it was brought out by Philip Young, Deputy to Edward R. Stettinius, Jr., head of the Lend-Lease Administration, that "lend-lease is attempting to adjust its operations so as to cause as little harm to the export machinery of the United States as is possible, consonant with our No. 1 job of helping to win the war," and that "as a first move in this direction trade names are now being allowed on requisitions." Mr. Young's remarks on the subject were addressed to a gathering of exporters at a meeting at the Commodore Hotel in New York on Feb. 4, sponsored by the Commerce and Industry Association of New York, Inc. Mr. Young declared that "every American citizen has an interest in lend-lease, and holds a stake in the success of the lend-lease program." "Some," he said, "it affects directly and some only indirectly. There are few, if any, that it does not touch." In part Mr. Young added:

"There are many aspects of lend-lease which will interest you. As taxpayers and buyers of war bonds you will wish to know concerning our stewardship of the $18,000,000,000 entrusted to our care over the last two years. As ration book holders you are anxious about the demands of lend-lease on our national food and petroleum supplies. As fathers of the boys in our armed forces you will want to know if lend-lease has taken away equipment which should have stayed in their hands. Again, as Americans of imagination and initiative you will be interested in the tremendous scope of our operations —from the improvement of ports in the Red Sea and the Persian Gulf, from well-drilling equipment for Gen. Montgomery's Eighth Army to material for China's hidden arsenals."

"Finally," said Mr. Young, "you would like to know what the United States is getting from other of the United Nations as reciprocal lend-lease." "I believe," he said, "the basic job of lend-lease to be the supplying of essential needs to these countries, areas or groups which are actively fighting and working in the defense of the United States." Continuing he said:

"I do not interpret the term 'supplying' narrowly — rather I interpret it broadly. The peoples fighting with us and for us can ask—and must get from the United States — those essential supplies to carry on the war effort, whether it be military or civilian, regardless of the methods of financing or procurement. It is the job of lend-lease to see not only that such supplies are made available, but also that they are shipped to those places where they are needed most at any given time. The financial aid furnished by lend-lease is just one of a series of factors, just one set of circumstances among many with which it is prepared to deal.

"This does not mean that lend-lease advocates a government procurement program, nor that it advocates the abolition of the normal channels of trade, nor that it advocates the establishment of domestic prices for export transactions; lend-lease has a job which must be done if we are going to win this war. It is up to the business men of America even more than the Federal Government to see that it is done. One, however, cannot do it without the other; they must work together and, in order to work together, there must be not only a common objective but a thorough understanding of each other's operations."

As to the basic question concerning lend-lease and foreign trade Mr. Young had the following to say:

"Is lend-lease responsible for the reduced business of the United States foreign trade fraternity? Is there in fact a reduction in business, by and large, or is the shoe only pinching in spots? And what is lend-lease doing to help foreign trade?

"I believe you may be interested in knowing how far lend-lease has invaded private trade in specific areas and commodities. I know you will understand the need for speaking in percentages rather than actual figures.

"For the first nine months of 1942, if we exclude export of military goods, lend-lease exports amounted to 50% of the total. This is an average of such figures as 61% for India, 91% for United Kingdom, 31% for British Africa, 63% for Australia and New Zealand, 88% for Russia, 60% for China and 2% for Canada and the British West Indies. No goods, it should be noted, are shipped to any parts of Latin America under lend-lease for civilian use or commercial distribution."

* * *

In his concluding remarks Mr. Young said:

"During the past half-hour or so I have attempted to give you a picture of lend-lease—what its basic job is, how it is doing that job, and what its policies are as regards the relationship of these operations to United States foreign trade. Of necessity this review has been sketchy and somewhat loosely connected. I think we might recapitulate the main points covered.

"First, the primary job of lend-lease as an organization has been to speed aid to those countries whose defense has been declared vital to the defense of the United States.

"Lend-lease steps in whenever difficulties of international exchange might otherwise hinder the free flow of mutual help or when, as in the case of military and some few critical non-military items, lend-lease methods can get the best war results most quickly and effectively. Whether exchanges of goods are made by lend-lease methods or by direct purchase, the aim is the same—to multiply the combined strength of the United Nations by the most efficient possible pooling of all our resources under coordinated global direction.

"Secondly, our review of the background and development of lend-lease has shown the early establishment of one basic concept—the necessity for the maintenance of civilian life in combat areas.

"Thirdly, our outline of the mechanics and operations of lend-lease has shown the extent to which we depend on other qualified government agencies to carry out our policies.

"Finally, we have indicated that the importance of the incidence of lend-lease on United States foreign trade has been appreciated for some time. However, this problem did not emerge as an immediate one until shipments of commercial-type goods under the Act began to assume sizeable proportions.

"Today, lend-lease exports are accounting for a significant proportion of total United States exports, even taking into consideration the greatly increased volume of trade. It is recognized that in handling lend-lease transactions, the tendency has been to by-pass the various private export agencies. It is appreciated that the national interest will be best served by maintaining experienced foreign trade organizations prepared to resume operations on a competitive basis to the fullest possible extent whenever conditions may so permit.

"Lend-lease has approached this problem in the closest cooperation with the Departments of State, Commerce and Treasury, as well as with the Board of Economic Warfare and with members of the export trade. So far we have arrived at the following points:

"1. Lend-lease is attempting to adjust its operations so as to cause as little harm to the export machinery of the United States as is possible, consonant with our No. 1 job of helping to win the war.

"2. As a first move in this direction, trade names are now being allowed on requisitions. They are being and will be considered by the procurement agencies as one of the factors to be considered in placing contracts.

"3. Where a foreign country can pay cash for goods the presumption will be that normal commercial channels of trade will be used. The use of the cash reimbursement requisition is being strictly limited to emergency cases, and it is believed that successful operation of the new Controlled Materials Plan will reduce markedly the need for this technique.

"4. In cases where a lend-lease government has approved a commercial transaction, this transaction shall not subsequently be switched under lend-lease unless there is just cause for such an action.

"5. Lend-lease is now actively studying ways and means of more closely tieing in the foreign trade organization of this country with our operations. Every effort will be made to see that any United States export representative, at home or abroad, will be reimbursed for legitimate services rendered to lend-lease. Valuable suggestions on this subject have already been received from representatives of the trade. I can only hope that by giving you here today a picture of our aims, our organization and our problems, we will receive many more such suggestions. You may be sure that we shall welcome them.

"The job we have to do is tremendous—and it is vital to everyone of us here today. It is so tremendous that with all the help we could get, there would still be room for criticism and improvement. We would like your help, your advice, and your ideas. In return we offer you our cooperation, all information which we can properly release, and a promise of aid in solving your very real problems."

Value Of Advertising Proved By Bond Sales

The fact that such an overwhelmingly large part of war bonds sales have been made by banks, who have employed advertising paid for by themselves to do the job, again proves the economic value of advertising in a free economy, Lewis F. Gordon, First Vice-President of the National Financial Advertisers Association and Vice-President of the Citizens & Southern National Bank of Georgia, Atlanta, said on Feb. 8. He spoke at the regional conference of the Association in session at Chicago on Feb. 8. Mr. Gordon stated:

"Granted that the banks had all the psychological stimulus resulting from a nation at war, it does not detract one iota from the effect of the advertising. The post offices and other agencies had the benefit of the same stimulus—but they lacked the advertising—and to put it in the commercial—'they didn't get the business.'

"Another interesting reaction has come out of the sale of war bonds. It has proven conclusively that the people of the nation want to conduct their financing, whether it be personal, business, or Government, through their banks and not through post offices or other agencies. The banks of the nation have shown that they are adequate to handle any sound financing problem, local or national."

There is no question that the Government can and will raise the money to finance the war but who "supplies this borrowed money is largely up to the banks who must either buy these Government securities themselves or sell them to their depositors," Francis E. Patton, Executive Manager, 7th Federal Reserve District Victory Fund Committee, told the conference. He went on to say:

"War expenditures, now running at the rate of over $6,000,000,000 a month, will probably necessitate Treasury borrowings of about $69,000,000,000 in 1943. It is hoped that a major part of this can be borrowed from the public, outside the banking system. In any event, the commercial banks will purchase large amounts of Government securities, but such bank purchases create deposits (check money), and therefore such bond buying is inflationary and should be kept at a minimum," he said.

"The successful accomplishment of our task will require a continued and more active participation of all commercial banks in an effort to sell as large an amount as possible to others than banks. In every city and town commercial bankers are the financial leaders of the community, and this is the financial communities' job. Hundreds of thousands of volunteer workers will have to participate and men of financial background will be required to direct them.

'There is no question about the Treasury's ability to raise the large amounts of money required. However, the sources from which it is raised and the form the borrowings take is of vital importance to all of us.

"In an effort to avoid inflation, Government controls can be established which may endanger the existence of free enterprise in this country. We must win the war, and to do so we must borrow stupendous sums of money. Our Government can and will raise this money, but who supplies this borrowed money is largely up to the banks who must either buy these Government securities themselves or sell them to their depositors.

"The commercial banks of this country have done a magnificent job, have carried the brunt of the Government bond selling campaign, and will continue to do so until the war is brought to a successful conclusion."

Banks are having their troubles with manpower problems just as industry and agriculture are, and with them the situation is particularly troublesome because most positions require expert training and because customers have been so long accustomed to receiving the highest type of efficient service, Robert Lindquist, public relations officer of the American National Bank & Trust Co., Chicago, told the FAA conference. He stated:

"Banks cannot point to empty shelves or overflowing lobbies and adopt a 'take-it-or-leave-it' attitude. Customers come in expecting no restrictions in the service to which they have become accustomed, and smarting perhaps from insults and delays suffered in other establishments, may be more critical than ever of their banks. The war has not brought a revolution in bank public relations but it has brought a revolution in the technique of bank public relations. The key to this technique is personnel."

L. E. Townsend, President of the Financial Advertisers Association, told the 150 banking and financial advertising men that while the banking profession had won a fine tribute for its part toward winning the war, "we cannot continue to operate after the war on a tribute, no matter how glowing it may be."

He pointed out that with the opportunities of peace, there will come attendant responsibilities, and urged the extension of bank services to serve a much larger segment of the population.

"To gain a friend, you have to be one," he asserted. "The banks have been serving, but we have not been serving enough people. You can't expect a person to be your friend if you serve him once in six months. We must serve more people, and serve our present customers in more ways, more often."

Mr. Townsend declared that every person should be as accustomed to going to the bank as to the corner drug store or grocery store, and believes that bankers should hold as an objective that, 'anybody who is making a living should have a checking account."

Harvard To Survey Radio Advertising

A post-war advertising research project to assist business in the use of radio advertising will soon get under way at the Harvard Business School, Dr. Melvin T. Copeland, Director of Research at the school, announced on Feb. 12. This survey of radio advertising will be conducted by Professor Charles H. Sandage, Visiting Professor of Business Research and head of the 1935 Bureau of the Census' investigation of broadcasting.

The project will study the experiences of local users of radio advertising in all sections of the country and hopes to define the role that advertising will play in the marketing of peacetime products. It is further hoped that the results will furnish retailers, service operators, local manufacturers, radio stations and advertising agencies with information which will aid in the use of advertising.

An advisory committee of three Harvard Professors will be composed of Neil H. Borden, Professor of Advertising; Harry R. Tosdal, Professor of Marketing, and Malcolm P. McNair, Professor of Marketing.

Rickenbacker To Speak In New York Today

Captain Edward V. Rickenbacker, who was rescued from a Pacific grave while on a mission for Secretary of War Stimson, will be the speaker at a luncheon of the Commerce and Industry Association of New York in the grand ballroom of the Waldorf-Astoria today (Thursday), Feb. 18, at 12:30 p.m. Lt. Gen. Henry H. Arnold, Commanding General, U. S. Army Air Forces, originally had been scheduled to address this luncheon, but word has been received from the War Department in Washington that, due to the exigencies of war, General Arnold had been compelled to postpone this engagement until a later date. It is expected that General Arnold will be able to be the Association's guest some time in March.

Restrictions on Tire Recapping to End

According to an Associated Press dispatch from Washington, D. C., a decision has been reached by the OPA to eliminate ration board control over recapping of passenger automobile tires with reclaimed rubber. This order, it was stated, is not to be issued until about March 1.

Under the present system, rationing boards automatically issue certificates for recapping tires if a tire inspector declares it is needed. Under the new procedure, a holder of an "A," "B" or "C" gasoline ration card may get a recap job done without any inspection, certificate or other delay.

Issuance Of $660,000,000 Reserve Notes Called Dangerous Inflationary Action By Taft

Criticism of the issuance of $600,000,000 of Federal Reserve Bank notes in December was voiced on Feb. 4 by Senator Taft (Republican) of Ohio, who characterized the Federal Reserve Board's move as the "most dangerous class of inflationary action." Senator Taft called for immediate retirement of these obligations and Congressional repeal of the law authorizing them, according to advices to the New York "Journal of Commerce" from its Washington bureau, which in part also quoted Mr. Taft as stating in the Senate:

"We have been told for many months of the great danger of inflation. The President himself has sent us several messages dwelling on the damage which it would cause, and last September he regarded it as such a tremendous danger that he threatened to fix prices and wages himself without legal authority if Congress did not act promptly on the anti-inflation measure.

"I was the more surprised, therefore, to learn of the action of the Federal Reserve Board taken in December, resulting in the issuance of $660,000,000 of Federal Reserve Bank notes, which are the exact equivalent of greenbacks. I do not know any policy more likely to bring about inflation than the issue of paper currency without reserves and resting for its value on the unsecured promise of the Government.

"In the name of preventing inflation, one department of Government is subjecting the people to every form of fascist control in the regulation of prices, wages and rationing, while another department is engaged in inflating the currency."

In part the account from which we quote also said:

"Senator Taft said he had written to the heads of the Federal Reserve Board and the Treasury, and had obtained replies outlining the action and reasons for it. The notes, he said, were issued under authority of Section 18 of the Federal Reserve Act of 1913, as amended in 1933, at the time of the bank crisis. The amended Section 18 was passed while the banks were closed, in order to provide a liberal supply of currency, in case there should be any runs on the banks when they were opened, he said.

"Section 18 provided that no note should be issued under its authority after the President had declared by proclamation that the emergency recognized in the proclamation of March 6, 1933, had terminated.

"But the President did not declare an end to this emergency," Senator Taft said. "And I don't believe he will ever declare an emergency to be terminated."

Since the bank emergency was never formally terminated, the Treasury took advantage of the amendment to issue some of the old notes printed in 1933, he said. The act authorized any Federal Reserve bank to deposit Government bonds or commercial paper with the Treasury, and against the security of such obligations to issue its own notes known as Federal Reserve Bank Notes, he declared.

"It was recognized at the time that this was not a permanently sound procedure," Mr. Taft said, "because it resulted in effect in the monetization of the national debt. It was not extensively used, only $265,000,000 being issued in 1933, and all but $18,000,000 of these have since been retired.

"Apparently someone in the Treasury found in some back drawer the $660,000,000 of notes which had been printed and never used in 1933," he went on, "and he got the bright idea that they might as well be issued now. So a method was devised which is even more unsound than the original issue of the notes under emergency conditions."

On Feb. 3 Representative Frank B. Keefe (Republican) of Wisconsin addressed the House on the subject, defending the course of the Governors of the Reserve Board in issuing the $600,000,000 of Reserve Bank Notes to member banks. At the same time he denied that the action was taken to secure for the Treasury use of $660,000,000 without interest for the period during which the notes remain in circulation. From Washington advices to the "Journal of Commerce," reporting this, we also quote in part as follows:

"That the latter was not one of the objectives of the issue is apparent from the circumstances surrounding the action, Mr. Keefe argued.

"It cost the Treasury about three-eighths of 1% a year to borrow the money which it would have had to have if the notes had not been issued in the manner indicated," he said. "But in that case Federal Reserve banks would have had to pay the Treasury a one-half of 1% tax on these notes. Therefore, as a matter of fact, the Treasury sustained a nominal loss as a result of using this method of issuing these Federal Reserve Bank Notes." . . .

"I do not want it to be thought that we do not have very critical problems facing us in this matter of currency inflation, but on the other hand, I do not feel that the people of this country should be scared by statements of members of Congress or other persons into the belief that their currency is being rapidly depreciated.

"I am convinced, first, that this transaction was clearly authorized by existing law. When the Federal Reserve Bank gave the Treasury of the United States a deposit credit of lawful money, then the Reserve Bank's liability was extinguished and they were entitled to withdraw the Government securities that were pledged to secure issuance of these Federal Reserve Notes. If you will turn to your daily Treasury statement, you will see that these notes are carried as a direct obligation of the United States Government.

"It is true that these notes as now issued are no longer secured by the deposit of United States bonds or by like deposit of other securities. The fact is, as I have tried to point out, that they are secured by a deposit of lawful money of the United States brought about when the Federal Reserve Bank gave a deposit credit to the Treasurer of the United States."

An earlier reference to the issuance of the Bank Notes appeared in these columns Jan. 28, page 367.

U.S.-Belg. Lend-Lease Pact

A reciprocal lend-lease aid agreement, formalizing the principles of mutual assistance against the enemy, was signed on Jan. 30 by the United States and Belgium. This was revealed in an exchange of notes between Secretary of State Cordell Hull and Count Robert Van der Straten Ponthose, Belgian Ambassador to Washington.

It is said that the agreement is similar to those entered into last September with Great Britain, Australia, New Zealand and the Fighting French, referred to in these columns of Sept. 10, 1942, page 894. However, it is explained Belgium has been extending reciprocal aid for some time without awaiting formal signature of the agreement.

The signing of the master lend-lease pact by Belgium was noted in our issue of July 2, 1942, page 22.

New York Industries Organize For Red Cross

Eight major New York industries, including aviation, transportation, communications, office equipment, have mobilized their executives and resources for the 1943 Red Cross War Fund Campaign. The industrial group, organized as Section 8 of the Commerce and Industry Committee of the Fund, is headed by William B. Given, Jr., President of the American Brake Shoe and Foundry Co.

The Commerce and Industry Committee, of which Eugene W. Stetson is Chairman, to date has organized 278 major divisions of the city's industries, banks, commercial houses and the professions.

A campaign to recruit volunteers to assist the division chairmen also is under way under the leadership of Mr. Stetson, Bernon S. Prentice, Vice-Chairman of the Commerce and Industry Committee, and Elliott H. Lee, Executive Vice-Chairman.

Serving with Mr. Given in his industrial and business group are:

James Boyd, Eastern District Manager Western Electric & Supply Co., Chairman of the Electrical Industry Division; Benjamin Botwinick, Taxicab Bureau, Inc., Taxicabs; W. Gibson Carey, Jr., President Yale and Towne Mfg. Co., Hardware; S. C. Duggan, Omnibus Corp., Bus Lines; E. C. Faustmann, President Royal Typewriter Co., Office Equipment; Leon O. Head, President Railway Express Agency, Inc., Express Companies; W. C. Horn, W. C. Horn Bros. & Co., Stationery; James W. Hubbell, President of New York Telephone Co., Communications; T. A. Morgan, President Sperry Co., Aviation; Charles A. Owen, President Imperial Coal Corp., Coal-Coke-Ice Division; L. D. Seymour, Vice-President Dodge & Seymour, Ltd., Exports and Imports; A. W. Pickett, President A. W. Pickett, Inc., Automotive; J. B. Smull, Vice-President J. H. Winchester & Co., Chairman Maritime; J. P. Spencer, Vice-President American Brake Shoe & Foundry, Chairman Railroad Supplies; William White, President Delaware Lackawanna, Chairman Railroads Division.

Congress To Rule On Pay Of Govt. Printing Office

The National War Labor Board announced on Feb. 8 that final power to rule on certain wage and salary increases in the Government Printing Office has been given to a Congressional Committee. The WPB announcement said:

"About 8,000 employees of the Government Printing Office who are under the jurisdiction of the National War Labor Board will have their wage or salary adjustments ruled on by the Joint Committee on Printing, of which Senator Carl Hayden of Arizona is Chairman.

"General Order No. 28 delegates final authority to the Joint Committee on Printing to rule on wage and salary raises for GPO employees, but the Committee will act within the limits set for wage increases under the Wage Stabilization Act passed by Congress on Oct. 2, 1942."

Labor Department Corrects Cost Of Living Report

The U. S. Department of Labor has issued a correction of its report on "The Cost of Living," Dec. 15, 1942, which appeared in these columns Feb. 4, page 509. The first sentence of paragraph 4 should read: "Housefurnishings on the average remained unchanged from mid-November to mid-December, with increases reported from 4 of the 21 cities covered monthly," instead of "Housefurnishings rose on the average 0.2%."

Pay-As-You-Go Tax, Less Group Favoritism Needed To Battle Inflation, Says Heimann

Pay-as-you-go taxation and a lessening of group competition for economic favors are two important aspects of the anti-inflationary battle, Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, declares in the association's Monthly Business Review, released Feb. 15. "Inflation, like the weather, is something almost everyone is talking about," he points out, "but, unlike the weather, we can do something about it if we exercise will and economic foresight." Up to this point, Mr. Heimann says, "our efforts have been diluted with well-expressed intentions and excess verbiage. We have had the appearance of action but much less of the reality. Yet, unless we can get sound and complete action—and that rather soon—the inflationary trend will become graver and soon there will be little use discussing counter-inflationary measures."

One of the best checks to the inflationary spiral is taxation, he says, for thereby "we remove from the stream of purchasing power some of the force that sweeps prices onward and upward. This session of Congress is already beginning to consider tax proposals," he said and "second to the actual war effort, sound taxation policies can be a prime contribution to the war." Mr. Heimann added:

"While our taxation program must be considered from all aspects, there is now an urgent need for action in one respect. A pay-as-you-go program must be the first order of tax business in Congress.

"Let us assume that as an individual your tax bill will be $600 for the year or, if in business, that your tax bill will be $60,000. Now, if you had to stop at the bank before you reached your office to make a deposit of $2 or $200 each business day toward your tax bill, it would no doubt have a priority in your daily thinking and activity.

"Yet, such an interest in forthcoming tax legislation is merely the discharge of citizenship responsibilities. Thus each of us can make another contribution to victory in the war and stability in the post-war era.

"Attention and action now may well mean the difference between insuring the kind of country we profess to be fighting for and one our negligence might bequeath to us."

Taxation, alone, will not check the trend towards inflation, Mr. Heimann said, listing "other aspects worthy of our deepest consideration." Group competition for economic favors is an important one. He further commented:

"Farmers, for example, contend they need higher prices to maintain their status quo; wage earners want higher wages to offset the rising cost of living; business men claim charges must be upped to meet higher taxes and other costs and thus enable them to salvage a reasonable part of their earnings.

"Everyone abhors inflation and, in turn, everyone seems to be trying to evade the sacrifices necessary to prevent it.

"Our fighting men have little choice as to their sacrifices. Isn't it time that we ask our pressure groups to stop, look and listen before they unheedingly push inflation further along its devastating path?

"From the experiences of the last war we know that rising prices are illusory. They add to the total cost of prosecuting the war. They bring maladjustments in wage structures and disagreements that lead to production curtailment. They make necessary the imposition of higher and higher tax rates.

"And, finally, either during or after the war period, the economic assessments in such form as increased taxation, higher costs, and subsequent deflation invariably prove that neither individuals nor the nation can benefit fundamentally.

"In the end, the wage earner, the farmer, the business man, those who live on fixed incomes—and let us not overlook the coming generations—are worse rather than better off because of the easy dollars that were garnered during the war period. These self-evident truths are simple to understand but, nevertheless, each of us needs reminding time and time again."

A month ago it was pointed out by Mr. Heimann that four mandates laid down by the American people for the new Congress in connection with national and international policy present it with "a great opportunity." At that time he said:

"Certainly the foremost requirement, a mandate that overshadows all else, is the call that nothing stand in the way of an all-out intensive effort to use our national resources and energy to win this war—and to win it in the speediest, most efficient manner. Any measure introduced into Congress which challenges this mandate will get little hearing from the responsible leadership of either party."

The second mandate of the people is that no expense be spared in winning this war, but that the funds be judiciously disbursed and that the normal domestic programs, calling for huge outlays that do not contribute materially to the war effort, be deferred to the post-war period. "The American people will dig down deep to get this war over with, but they have no desire to pay for non-essential expenditures. The Congressional leaders are aware of this and large peacetime expenditures, hitherto acquiesced in, can expect to be challenged.

"The third mandate from the people is two-fold. First, that the expense of this war be distributed on a fair basis. Second, that payments be arranged so that each taxpayer can discharge his obligation arising out of the war on a pay-as-you-go basis."

The final mandate that should be noted, said Mr. Heimann, "although it does not complete the list, is based on the deep-seated conviction that this war must be the last world war and that the peace must not be lost."

House Will Continue Small Business Inquiry

A resolution extending for two years the life of the House Committee on Small Business was passed by the House on Jan. 22. The Committee, which was created in the last session of Congress, was authorized to continue in its effort to aid the small businessmen of the nation. Representative Patman (Dem., Tex.) was reappointed Chairman of the Committee, whose membership was increased from seven to nine.

Several members of the House made the assertion that while the condition of the small businessmen is improved they are not being taken care of to the extent they should be. Operation of the Smaller War Plants Corp. was criticized as not effectively functioning in aiding the small manufacturer to obtain contracts and indications were that the recent change in the management of the corporation will be followed for progressive results.

Withholding Tax At Source As Method Of Curbing Inflation Urged By Elisha Friedman

(Continued from first page)

in April and October. In Canada installments on tax due are paid in April, June and August. But from August to the next April no payments are due. Thus a withholding tax could be started in both countries more easily than in the U. S. where the tax on 1941 earnings was not settled until December, 1942."

In advising the Committee that it is not too early for its experts "to consider some post-war problems," Mr. Friedman noted that "the high rates of tax in the top brackets now constitute a wartime sacrifice, cheerfully borne. But after the war such high rates will check economic recovery and prevent re-employment of the returning soldiers." "We must," he said, "study the defects of the corporation tax and the merits of the British system of taxing not the producing corporation but the consuming stockholder. And herein lies the merit of the spending tax, but not superimposed on top of an already steeply graduated income tax," and he asserted that "we must eventually shift from a graduated tax on income to a graduated tax on expenditure."

Mr. Friedman's statement follows in full:

The individual income tax has been raised sharply in the lower brackets. People in the lower brackets do not budget their income or keep books. Therefore a withholding tax is desirable. The withholding tax would also make it possible rapidly to change rates up or down as conditions require.

Incomes in the lower brackets have risen sharply and threaten inflation. A withholding tax promptly withdraws excess purchasing power. Yet we can have deduction at the source without adopting all of the features of the Ruml Plan.

The number of income tax payers has risen from about eight million in 1940 to an estimated 44 million in 1943. This raises problems of collection and administration by the Treasury which a withholding tax should lessen and not increase.

Our tax rates in the lower brackets are still low compared to other countries. But in other countries the tax is collected weekly or monthly at the source. Such a method makes possible higher tax rates than under the present method of paying quarterly or annually.

The British normal tax is 32½% for the first $660 of taxable income and 50% above that. The surtax begins at $8,000 at 10% and rises to 47½% over $80,000. The combined normal and surtax rate is therefore 97½% over $80,000. To reach the level of the British normal tax and after allowing for specifically American hidden taxes, our normal rate could be raised by about 25% if a withholding tax is adopted.

Whom to "Forgive"

For the year 1943 Mr. Randolph Paul estimates that there will be 44 million taxpayers. But 40 million will have an income of less than $2,000. It would simplify the Treasury's administrative problem if it forgave the 1942 tax for this group or taxed them at 1941 rates, so that many would be forgiven automatically. They could then be taxed currently. The remaining four million taxpayers with incomes over $2,000 could continue to stay one year behind. That administrative problem for this group is manageable. It has been manageable from 1917 up to date, including the 1921 deflation, the 1930-32 panic and depression, and the 1938 collapse. If the little people's tax administration could be further simplified by dispensing with the filing of a final return, the Treasury's field men could check the little people through the employers. In both Belgium and Germany no returns are filed for wages and salaries below certain limits, if there is no outside income. But in Great Britain even the smallest people file a return and the British officials in the U. S. can tell your committee what a difficult and costly problem of tax administration this constitutes.

For people with taxable incomes below $2,000 and for the approximately 30 million new taxpayers, the Treasury could forgive them and collect tax by deducting at the source from current income. Deduction at the source is merely a method of payment. It is essential for people who are on a cash basis and do not keep books. It is not essential for taxpayers who are on an accrual basis and do keep books.

To forgive the 1942 income tax for those who paid no tax for the year 1941 merely defers by one year their entrance into the class of income tax payers. However, their future taxes are bound to be higher if the experience of Canada, Great Britain and other countries is a guide. The forgiveness is merely temporary. They will pay more later. For the top brackets who are so close to 100%, the rates cannot rise appreciably.

Collection at the source is simple for employees. The employer becomes a Treasury agent, as he is in most other countries. For the self-employed, farmers, small merchants and professional men, they could pay quarterly out of current income, a sort of self-withholding. But they must file a return, because, unlike the employees, the Treasury agents have no other way of checking the tax.

To forgive the 1942 tax for everybody is not to treat them equally but unequally. The law already provides standards of equality of treatment. All taxpayers have the same exemption or lower limit of income. All taxpayers receive equal credit for dependents. To forgive equally would require that the same amount of tax be forgiven. The taxpayer in the high brackets sets up a reserve or buys tax anticipation warrants. The tax debt for 1942 is already set aside and is available in 1943. He does not need forgiveness. Certainly, the present basis could be continued for the upper groups. They were up-to-date in the past and they could continue to be up-to-date by the same methods.

For the small taxpayer the Treasury might forgive up to a certain limit of income after exemption, say $2,000 or $3,000. Or else the taxpayer on 1942 income could figure his tax on the lower 1941 rates payable in March, 1943. This would exempt or forgive those new taxpayers, taxable in 1942 but not taxable in 1941. Then, on 1943 income the tax on wages and salaries could be deducted at the source at 1943 rates payable in 1943. The upper limit, whether it be $2,000 or $3,000 or $4,000 is a matter for technical study.

We could perhaps adopt the German and Belgian system of segregating these taxpayers from the others. These would not file a return. But the deduction by the employer at the source, weekly or monthly, would differ for single, married without children, or married with children. In other cases, where the taxpayer is self-employed or has income from securities and he must file a return, it should be possible to shorten the time of the last payment from December to August, as in the case of Canada, or earlier. The question of graduating the amount of forgiveness on a schedule likewise is a matter for further technical study.

Our Lag In Paying Taxes Makes Transition Difficult

Much of the current tax difficulty is caused by the long lag between the time when the income is earned and when the tax on it is paid. In Great Britain on earnings through December the tax is due in one lump sum next April. For the wage earners the payments are made every six months, within twenty-one days of the close of the half-year,—April to October, and October to April. In Canada installment payments on tax due are permitted in April, June and August. But from August to the next April no payments are due. Thus a withholding tax can be started there more easily than in the U. S. We can shorten our time, gradually and over a period of years, so that the last payment would be made not in December but on the Canadian or British pattern.

In addition to the mandatory method, the Treasury could induce anticipation of taxes by allowing an attractive rate for payments in advance.

During the transition to a pay-as-you-go basis, the sums that were intended to be reserved for compulsory saving could be used to effect the transition. The present increase in burden on the taxpayer could be made good after the war by lowering tax rates. This method would be just as good as redeeming or refunding compulsory savings. The principle is the same; it is only the terms that are different.

After the 40 million small incomes have been brought under the withholding tax, the problem of the remaining 4,000,000 taxpayers could be taken up later when the Joint Congressional Committee has completed a study on withholding taxes in foreign countries that have been operative for many years. Great Britain has had an income tax since 1842, and for 101 years the British taxpayer always had a tax debt. Of course, if it becomes desirable to do any forgiving it would be simple to do so in years when tax rates are being reduced, as they must be after the war if there is to be a smooth transition to peace. When rates are lowered, it should be possible to pay twelve months' taxes in nine months. Such a three months' advance would in three years make the taxpayer almost current. In any event, the final payment date should be after the close of the year. Thus a definitive tax return would be accompanied by a final payment to adjust exactly for the net balance of tax due. Otherwise the taxpayer must file a new or revised return after the close of the year.

Comments on Ruml Plan and Substitutes

Mr. Beardsley Ruml deserves great credit for having educated the country on technique of taxes. The current widespread interest in fiscal technique is without parallel. The most dismal part, taxes, of the dismal science, economics, has been made to live. For this Mr. Ruml deserves great credit, and as he modestly states, he wished merely to sharpen thoughts on the question.

However, some of the opinions of Mr. Ruml call for comment. He says that the income tax produces a liability on the taxpayer. That is true. The British taxpayer has thrived under this liability for 100 years. Such a liability runs during one's productive life. The only way to escape is to die or become incompetent.

Proposals have been made that the 1942 tax should be paid over a series of years. If deduction at the source is applied only to the lower brackets, the rest of the taxpayers can pay in the immediate year following. Again, Mr. Ruml says that people did not save money out of last year's income to pay the taxes on that income. This is indeed serious for those whose current income has disappeared or sharply decreased. Such hardship cases have been and can continue to be solved by the Treasury. In the 21 years of income tax collection, the government received $82.0 billion. The total tax abated was only $242 million, or 0.3%.

For those whose income is stable or rising, as in a great majority of cases, the taxpayer has been using his current income to pay not only his current tax but also to pay his debt on automobiles and refrigerators and to buy $1,000,000,000 of war bonds monthly.

For the top brackets, forgiveness does not seem necessary. These top taxpayers have been on a current basis for a long time. They have a Ruml plan already. They buy tax anticipation warrants and thus pay as they earn. On the payment date the certificates mature, but the tax has already been paid. Since these taxpayers are on an accrual basis, they could pay both last year's taxes for which the cash is reserved and this year's taxes as reserves are accrued. But this is not necessary. They can continue on the present deferred payment basis.

For the middle brackets, forgiveness is unnecessary if they must not pay two years' taxes in one. A complete withholding tax, including supertaxes, would require such forgiveness. A withholding tax applying to the lower brackets or to normal income deducted at the source does not require forgiveness.

The suggestion that the tax payment he based on the average of two years' income, or the further suggestion that the taxpayer defer his payments for 1942 over a series of years, become unnecessary if only the low brackets are subject to deduction at the source and pay currently, while the rest of the upper taxpayers continue to pay the tax in the year immediately after the liability becomes fixed.

Besides, after the war taxes must be lowered. Under the plan of paying in advance the taxpayer will be overpaying and creating a problem of refunds. The argument that income taxpayers in the top bracket who are forgiven one year's tax would ultimately be caught by the inheritance tax does not seem sound. If the money is spent it will not be in the estate to be taxed.

There is another difficulty in the proposal to pay taxes in advance. For the past 20 years few tax laws were ready before the March 15 payment date. Therefore, the taxpayer would have to make two guesses, before paying—first, what his income would be for the year, and second, what the tax rate would be. We are not in a period of stable tax rates.

Again, under the pay-in-advance plan, the taxpayer would have to make a tentative return and either a final return or a revised return. For 40 million taxpayers it would be 80 million calculations. Where will we find enough revenue officials for such a job? The problem can be simplified by throwing the 40 million small taxpayers into a separate category where the employer deducts at the source and the taxpayer files no return. For the remaining four million taxpayers in the higher brackets the return cannot be made out before the year ends, although the payment can be required soon thereafter.

Again, Mr. Ruml does not propose that corporations pay in advance but only that individuals and partnerships should. Why are the corporations not included? Is it because they keep books on an accrual basis and set up reserves? Taxpayers in the upper brackets do likewise. Why do we have to catch up on tax liability alone? The American public has vast other liabilities. Installment debt outstanding in September, 1941 was almost $7 billion, owed by little people. Mr. Rockefeller does not buy on the installment plan. These little people's income tax debt from year to year is small by comparison. We have other debts beside tax debts. The private debt is $77 billion and the private interest payable is $3.3 billion yearly.

The Ruml plan is not pay-as-you-go but pay-in-advance. Its progenitor is R. H. Macy's D.A. (Depositor's Account). You put down your cash before you buy. Mr. Ruml transferred this plan of a department store to the Federal Treasury. But to the department store customers the plan is optional. For the taxpayer it would be mandatory. Mr. Ruml now says that we are all in debt to the Treasury, therefore we should pay in advance. Macy's used to advertise on New Years Day, up to the year 1938, "No one is in debt to Macy's." But the advertisement did not say "Macy's is in debt to all their customers," on the D.A. account. On the Ruml Plan no one will be in debt to the Treasury, but the Treasury will be in debt to all the taxpayers. However, Macy's, after 1938, adopted the Ruml Plan in reverse. They shifted from the D.A., or "depositor's account," to the "charge account" basis. From cash in advance they moved to a time-payment basis. Instead of Macy's being in debt to the customers they allowed the customers to be in debt to Macy's.

How would the Ruml Plan work in other fields where the American public has been heavily in debt? Suppose General Motors, in selling automobiles, should ask for cash in advance and deliver the automobile later. This is suggested by the OPA now in order to check inflation, but it is not a permanent peacetime policy. The only case where the Ruml Plan was applied to automobile purchases was in Nazi Germany. Hitler's "Volkswagon" or People's Auto, was paid for in advance, but the people never got the car. Under the Ruml Plan the Treasury instead of getting taxes due to it would be receiving cash in advance. The Treasury would then have a liability to the taxpayer. Now the taxpayer has a liability to the Treasury. If this gives him a headache, perhaps the pay-in-advance plan would give the Treasury a headache. It would become a bank.

Foreign Experience

Deduction at the source has been applied in other countries. In Belgium and Germany a withholding feature was introduced simultaneously with the income tax in the 1920's. The wage earning class files no returns. Instead the income tax is deducted weekly or monthly according to a chart showing the normal tax plus super-tax for single persons, married, with allowances for children. Neither Belgium nor Germany had the problem of transition. In both countries taxpayers must file a return if they have other income above a certain limited amount. In both countries all taxpayers are on a pay-as-you-go basis, subject however to the adjustment for super- taxes in the upper brackets.

Canada introduced the withholding tax, not because of worry that the taxpayer was in debt to the Treasury, but because the Treasury wanted to get the taxes in more quickly. The withholding tax was introduced in September, 1942 because by August, the tax for 1941 was completely paid. The Canadians think well of the plan for the new taxpayers. The Treasury gets the money when and where the money is.

Great Britain introduced the withholding feature in September, 1941 for wages. The wage earner used to be assessed not by years but by half years, from April to October. He had to pay within 21 days after the end of the period. Therefore, it was easy to introduce a withholding tax when only 21 days lagged. But our workers lag from Dec. 31 to the following Dec. 15.

To introduce a withholding tax

we would have to reduce the lag between the end of the income year and the date of the last tax payment therefor. The lag could be reduced within a period of three or four years. Or else, we would have to forgive a year's tax.

Great Britain long had deduction at the source of tax on dividends, but they never taxed the corporation itself as we do. The British taxpayer, not in the wage earning class, still pays each year on the income received in the preceding year. The British never forgave any tax. The cost of administration of the small tax returns is very great.

There are available in New York tax experts from Republican Germany, Great Britain and Canada, who could be consulted by your Committee's experts.

Post War Problems

Mr. Ruml has focused attention on the defects of our tax technique. For this he deserves credit. But it is not too early for the committee to consider some post-war problems. The high rates of tax in the top brackets constitute a sacrifice, cheerfully borne during the war. But after the war such high rates will check economic recovery and prevent re-employment of the returning soldiers. In total yield the high rates are not productive to the Treasury. These high incomes are the source of risk-capital and expansion. The Capital Gains Tax so successfully amended last year needs further revision. It is not out of tender mercy for the rich, but to quicken private enterprise by liberating the source of investment funds that we must act. We must study the defects of the corporation tax and the merits of the British system of taxing not the producing corporation but the consuming stockholder. And herein lies the merit of the spending tax, but not superimposed on top of an already steeply graduated income tax. We must eventually shift from a graduated tax on income to a graduated tax on expenditure. The businessman who follows the old American doctrine of plain living, hard working and high thinking, and re-invests his funds in business and thus creates employment, should not be taxed on the same basis as some incompetent wastrel who drools away his inheritance. In the fervor of discussion aroused by Mr. Ruml, let us not forget some of the fundamental principles of taxation which will be just as pressing no matter what part of the Ruml plan we adopt.

(Mr. Paul's statement before the Committee was referred to in our Feb. 4 issue, page 490.)

Postwar Unity For Peace Pressed By Hull

Secretary of State Hull declared on Jan. 25 that the peoples of the United Nations must stand united after victory in the performance of the great tasks of peace.

In a message of greetings to the participants in a United Nations discussion at Constitution Hall, Washington, Secretary Hull said, according to the Associated Press Washington advices:

"The nature of the peace settlements concluded at the end of the present conflict will fundamentally depend upon the deep desires and underlying conviction of the great rank and file of peoples which make up the United Nations.

"It is therefore of profound importance that the peoples of each of these United Nations should understand the thoughts, the ideals and the purposes of the others.

"We are united in fighting to free and keep free our country and all countries from such tyranny and slavery as the Axis powers seek to impose. We must likewise stand united, beyond the victory, in the performance of the great tasks of peace.

"Our unity of purpose must be based upon two unalterable resolves: To destroy utterly the forces of dictatorship, tyranny and inhumanity as exampled today in Germany and Italy and Japan; and, once that is accomplished, to press forward with the task of building human freedom and Christian morality on firmer and broader foundations than ever before."

In expressing gratification on Jan. 26 over the decisions of the North African conference Secretary Hull stated:

"The proceedings and the decisions of the conference, which were most wise and timely, are of the most far-reaching importance," he said. "They will prove of the greatest interest to all of the nations with which we are associated in this war.

"I shall hope soon to comment on some of the more vital phases."

FDR Confident Of U. S. Victory In Africa

In a message commending the American soldiers in North Africa, released on Jan. 28, President Roosevelt said he returns to the United States with renewed confidence that they "shall be victorious."

The message was made public by Lt. Gen. Dwight D. Eisenhower, commander-in-chief of the Allied expeditionary force in North Africa. It follows, according to Associated Press advices from Allied Headquarters in North Africa:

"My brief visit to North Africa has given me increased assurance and a deeper feeling of pride in the leaders and men of the American armed forces. The officers and men who landed with the initial assault, those who are now carrying on at the front in Tunisia, and those who are training themselves for future combat are deserving of the highest commendation.

"I could not but note your alertness, your smartness and the pride you take in yourself and your splendid equipment. I return to the United States with renewed confidence that the American soldiers, equipped with the best equipment the world can produce, led by men who have proved themselves in battle, and all imbued with the will to win, shall be victorious.

"Officers and men of the armed forces in North Africa—I commend you.

"President Roosevelt, Commander-in-Chief."

Wiley Rutledge Seated On Supreme Court

Wiley B. Rutledge was sworn in on Feb. 15 as an Associate Justice of the United States Supreme Court. Witnessing the ceremony, performed in the court, were members of his family, members of the Court of Appeals and the Federal District Court and a group of Senators and Representatives. The oath to support the Constitution was administered by Chief Justice Harlan F. Stone in the presence of the other seven members of the court.

Mr. Rutledge, who was formerly an Associate Justice of the U. S. Court of Appeals for the District of Columbia, was nominated by President Roosevelt on Jan. 11. The Senate confirmed the nomination on Feb. 8, with Senator Langer (Rep., N. D.) voicing the only opposing vote.

Justice Rutledge was named to fill the vacancy created last October when James F. Byrnes resigned to direct the Office of Economic Stabilization. The new appointee is 48 years old and a native of Kentucky, but claims Iowa as his residence. Justice Rutledge was Dean of the University of Iowa Law School from 1935 until 1939 when he was named to the Court of Appeals.

The naming of Justice Rutledge marks the first time the President has filled a vacancy on the high court from the Federal bench. Mr. Roosevelt's previous seven appointments to the Supreme Court were from the Government's executive department, the Senate or from private life.

The resignation of Mr. Byrnes was noted in our issue of Oct. 8, page 1273.

Sproul Re-elected To Open Market Com.

The Federal Reserve Bank of New York announced on Feb. 9, that as now directed by statute, the Directors have re-elected Allan Sproul, President of the bank, as a member of the Federal Open Market Committee for the year beginning March 1, 1943, and ending Feb. 29, 1944. The Directors also elected Leslie R. Rounds, First Vice-President of the bank, as an alternate to Mr. Sproul to serve in his absence.

The Federal Open Market Committee created by Section 12A of the Federal Reserve Act, as amended, consists of the members of the Board of Governors of the Federal Reserve System and five representatives of the Federal Reserve Banks chosen annually. In accordance with an amendment to the Federal Reserve Act, which was approved July 7, 1942, one of such representatives of the Federal Reserve Banks is to be elected by the Board of Directors of Federal Reserve Bank of New York. The other 11 Federal Reserve Banks are divided into four groups, each containing two or three banks, and each group elects a representative to serve on the Committee.

Last year Mr. Sproul served as representative of the New York and Boston Reserve Banks.

WPB Announces Plans To Break Bottlenecks

Plans for the organization of special industry committees, or "task forces," to participate in the campaign for breaking bottlenecks in production of critical common components were announced on Feb. 9 by Donald M. Nelson, Chairman of the War Production Board.

This move, it was announced by the WPB, represents an important step in the development of over-all production scheduling, involving the cutting down of backlogs by redistribution of orders, increasing labor supply in short plants and, in general, adapting the particular industry for more intensive production. The WPB announcement further stated:

"The plan is a simple, straightforward, emergency method of breaking industrial bottlenecks by the most intelligent utilization of all industrial facilities, small as well as large. All final decisions relating to matters such as redistribution of orders will be made within WPB, after careful review. It is planned, moreover, that smaller facilities will be brought into the picture through the Smaller War Plants Corporation.

"Critical common components which are causing trouble include parts and accessories of planes, ships, tanks, guns or other campaign material for which manufacturing facilities are limited, but which are needed in greater quantity.

"Among such items upon which attention is being focussed are gears, valves, Diesel and gasoline engines, crankshafts, compressors, pumps, heat exchangers, welding rods and electrodes, electric motors, starters and generators, boilers, vacuum tubes and control instruments.

"Plans to break these bottlenecks originated in the office of Charles E. Wilson, WPB Production Vice-Chairman, and are being developed and carried out by Ralph J. Cordiner, Director General for War Production Scheduling, who reports to Mr. Wilson."

The drive began on Jan. 20 when the Production Vice-Chairman directed letters in the matter to the heads of the 14 claimant agencies, such as the Secretaries of War and Navy, Lend-Lease Administrator, Petroleum Administrator and Rubber Director.

New Censorship Rules For Messages From U. S.

The Office of Censorship issued on Feb. 4 uniform regulations governing all communications entering and leaving the United States. The new regulations, replacing separate rules for postal, cable and telephone communications, cover all outgoing press dispatches, periodicals, books, private and business letters, cablegrams, radiograms, telephone messages and all other types of communications.

Byron Price, Director of Censorship, listed these general classifications of prohibited subjects:

"1. Character and movement of troops of the United States and United Nations.

"2. Identity and movements of naval or merchant ships; information about ship sinkings or ship construction.

"3. The fact or effect of military operations, including announcement of air raids on continental United States before the all-clear has been sounded.

"4. Movements, characteristics, or strength of air units of the United States or United Nations.

"5. Location, description and strength of fortifications of the United States or United Nations.

"6. Specific information from which the enemy could eliminate the extent, progress or location of American war production. This includes details useful to saboteurs.

"7. Current weather conditions and weather forecasts. (Descriptions of past local weather conditions may be transmitted at the censor's discretion.)

"8. Miscellaneous: Rumors which might render aid and comfort to the enemy; information about internment and prisoner of war camps; premature disclosure of diplomatic negotiations; movements of the President or other high officials; propaganda detrimental to the war efforts of the United States or United Nations; any other matter which might bring aid or comfort to the enemy, interfere with the war effort, or disparage the foreign relations of the United States or United Nations."

Director Price announced Feb. 10 slightly amended codes for press and radio, increasing certain restrictions and lessening others as a result of war experience.

F. L. Polk Dies

Frank L. Polk, Under Secretary of State in the Administration of President Wilson, died on Feb. 7 at his home in New York City. He was 71 years old. Mr. Polk was a partner in the law firm of Davis, Polk, Wardwell, Gardner & Reed, of which John W. Davis, Democratic candidate for President in 1924, is senior partner.

Mr. Polk had been associated with the State Department from 1915 to 1920, first as Counselor and then as Under Secretary of State. He was Acting Secretary of State from December, 1918, to July, 1919, when President Wilson and the then Secretary of State, Robert Lansing, headed the American delegation to the Paris Peace Conference. Upon their return to this country in 1919 Mr. Polk went abroad to head the American delegation during the final six months of its existence.

A native of New York City, Mr. Polk was a graduate of Yale University and the Columbia Law School. He was a veteran of the Spanish-American War, in which he was a captain, and later served in Puerto Rico.

Mr. Polk held various offices in New York City affairs from 1906 to 1914, including membership on the Board of Education and on the Municipal Civil Service Commission; Treasurer of the Bureau of Municipal Research, and as Corporation Counsel.

President Lauds USO

President Roosevelt on Feb. 4 congratulated the United Service Organizations on its second anniversary for work "well done." In a message to a luncheon in New York City, the President said:

"As the USO approaches its second anniversary, we all know how cheerfully and generously the American people have given it their support, and how unitedly and effectively the USO has performed its mission.

"USO accepted a great responsibility, and has discharged it well. But more than that, it has stood for something beyond praise or price—the preservation for all our men, without regard to race, creed or color, of the moral and spiritual values of the Democratic ideals and freedoms for which they shall continue to fight until victory is won.

"On behalf of these fighting men, therefore, and of our forces behind their lines, I say to the USO, 'well done!'"

Other letters of praise were received from Secretary of War Henry L. Stimson and Secretary of the Navy Frank L. Knox.

At the luncheon John D. Rockefeller, Jr., Honorary Chairman, reviewed the work of the USO and said:

"Before our work is finished, it may well be that the lives of from five to ten millions of men may have been touched by the USO. What a challenge!"

Walter Hoving, Chairman of the National Board of the USO, reported that the organization now has 1,215 clubs and units in the 48 States and in 16 offshore and hemisphere bases, operated by a staff of 6,000 workers and 600,000 volunteers.

Medal To Vandegrift

President Roosevelt presented the Congressional Medal of Honor on Feb. 4 to Maj.-Gen. Alexander A. Vandegrift of the Marine Corps for "outstanding and heroic accomplishment" under adverse conditions against Japanese forces in the Solomon Islands.

Gen. Vandegrift, a native of Charlottesville, Va., thus became, said the Associated Press, the first marine in this war to win both the Congressional Medal and the Navy Cross. He received the latter last October at Guadalcanal from Admiral Chester W. Nimitz, Commander-in-Chief of the Pacific Fleet. Gen. Vandegrift commanded the Marines on Guadalcanal until they were recently relieved by Army forces. The citation on the medal said it was for accomplishments above and beyond the call of duty from Aug. 7 to Dec. 9, 1942.

Leaves Mediation Board

David J. Lewis, Chairman of the National Mediation Board, informed President Roosevelt on Jan. 31 that he would not seek reappointment to the Board. Mr. Lewis, who is a former Maryland Representative in Congress, said he wished to retire to private life at the expiration of his term on Feb. 1. He was appointed to the Board by the President in May, 1939, following an unsuccessful campaign for a seat in the Senate. Mr. Lewis served six terms in the House of Representatives since 1910 and was a member of the U. S. Tariff Commission from 1917 to 1925.

Revival Of Agricultural Credit Corp. Held Inflationary, Step To Socialized Credit

The revival of the Regional Agricultural Credit Corporation by the U. S. Department of Agriculture for the purpose of putting out $225,000,000 of additional farm credit was characterized as inflationtary, as a further step in the extension of socialized credit, and as an unnecessary measure by W. L. Hemingway, President of the American Bankers Association, in a memorandum filed with Secretary of Agriculture Claude R. Wickard, analyzing the plan, which memorandum became available on Feb. 8. Mr. Hemingway is President of the Mercantile-Commerce Bank and Trust Company of St. Louis, Mo.

The memorandum pointed out that the bottlenecks in food production are labor and machinery shortages, rather than credit, which is ample. It stated that if farmers are to be induced to increase their production in spite of hazards involved, a plan which would remove their fear of loss rather than more credit is what is needed, and suggested the consideration of the cooperative crop insurance and other measures as a solution.

Mr. Hemingway's memorandum was sent to Secretary Wickard with a letter of transmittal dated February 5. The Association which previously declared its opposition to socialized credit, as was noted in our Feb. 4 issue, page 498, again emphasizes its opposition thereto, and in its memorandum says in part:

"Credit is not a bottleneck in food production. Ample credit is available. The principal bottlenecks are manpower and machinery.

"If good farmers hesitate to go into debt for plans beyond their normal capacity to produce, it is because of these bottlenecks rather than because of any lack of credit. If farmers are to be induced to increase their production in spite of hazards involved, a plan which would remove their fear of loss, rather than more credit, is what is needed. Some form of cooperative crop insurance might be profitably employed. The possibilities of this and other steps should be thoroughly explored.

"There are already more than enough credit agencies now serving agriculture to finance all of the production needs of farmer borrowers. There are 12,000 country commercial banks competing with each other and several credit agencies operated under the supervision of the Department of Agriculture in active competition with these banks. There is no need to establish another such agency to push out an additional $250,000,000 of credit.

"On the other hand, the offering of excessive credit to farmers for production is inflationary and will lead to the bidding up of the prices of livestock, machinery, and other things farmers buy. It is just as inflationary as the use of excessive credit for the purchase of farm land, against which practice the Department of Agriculture has taken a firm position.

"Other departments of the Government have recognized the importance of the banking system and have drawn upon it for war service. The War and Navy Departments and the Maritime Commission have depended upon the banks for production credit for industry. The Treasury has relied upon them for the success of its fiscal program. The Office of Price Administration has called upon them to perform the accounting work and to handle the movement of the coupons used in the Government's ration system. The country banks made a vital contribution to the Food for Freedom program in 1942 and they will do so again.

"If the banks are as essential to the war effort as these facts indicate, it seems all the more strange that the Department of Agriculture should take a position in such contrast to that of these other departments of Government and undermine the country banks by increasing its already considerable subsidized competition with them.

"We have given careful consideration to this plan reviving the RACC and it is our considered opinion that it is a further step toward socialized credit, inflationary in character, wholly unnecessary and that it should therefore be abandoned."

Govt. Need for Economists, Statisticians Continues

Because of the urgent need for economists, economic analysts, and statisticians for civilian war service in the Federal Government, recruiting is being intensified for these positions on a nationwide basis, the Civil Service Commission announced on Jan. 28. The advices from the Commission stated:

"The positions pay from $2,600 to $6,500 a year plus overtime, which increases salaries by about 21% on the first $2,900 for 8 hours overtime a week, when the aggregate does not exceed $5,000 a year.

"The greatest need is in the fields of transportation, labor, commodities, and industrial studies. For economist, marketing, international trade, money and banking, and housing are also important fields. Experience in other lines will also be utilized, and complete information may be obtained at first-and second-class post offices, from Civil Service Regional Offices, and from the U. S. Civil Service Commission at Washington, D. C.

"Positions are both interesting and important to the war program. They include dealing with economic and statistical problems arising from the reoccupation of areas once held by the enemy, the sale of U. S. securities, exports and imports in connection with the war economic program, requirements for procurement of war materials, etc. Positions will be located throughout the United States and a few will be filled abroad.

"Requirements for the positions have been lowered. In general, only 5 years of college or university education or experience in economics or statistics, or a combination of the two, are necessary for the $2,600 grade. The minimum requirements for the higher grades are proportionately greater.

"There are no age limits and no written examination will be given. Applications will be accepted until further notice, but qualified persons are asked to apply immediately. Applications are not desired from persons already using their highest skills in war work. War Manpower restrictions on Federal appointments are given in Form 3989, posted in first- and second-class post offices."

Coffee Ration Cut to One Pound In Six Weeks

The Office of Price Administration on Feb. 3 reduced the next coffee ration from one pound every five weeks to one pound every six weeks. The OPA said that reduced coffee inventories in the hands of wholesalers and retailers made necessary the reduction in the next ration.

Stamp No. 25, the next coffee stamp in War Ration Book No. 1, became valid on Feb. 8 and will be good for the purchase of one pound of coffee through midnight March 21. Stamp No. 28, valid since Jan. 4, expired at midnight Feb. 7.

The OPA announcement said that an increase in military requirements for shipping and the need for maintaining imports in strategic war materials were in part responsible for the reduced inventories for the next ration period.

"However," the OPA said, "steps are now being taken to overcome a maldistribution on domestic stocks due to a cut in imports, with a view to relieving shortages in certain areas."

WPB Transportat'n Group

The Office of the Program Vice-Chairman of the War Production Board announced on Feb. 1 the formation of a Transportation Requirements Committee, with William W. Judson as Chairman. The Committee will consider transportation requirements and priorities.

A representative of each of the following agencies will serve on the Committee:

Office of Defense Transportation
War Department
Navy Department
Maritime Commission
Office of Civilian Supply
Petroleum Administration for War
Transportation Equipment Division, WPB
Division of Stockpiling and Transportation, WPB
Public Services Division (Program Bureau) WPB
Automotive Division, WPB

The Program Vice-Chairman may appoint additional members.

Mr. Judson, who is also Director of the Public Services Division of the Program Bureau, is on leave from the Northern Pacific Railway, where he is General Manager, and is serving WPB on a $1-a-year basis.

Dr. William Y. Elliott, Director of the Stockpiling and Transportation Division, is Vice-Chairman of the Committee.

Nation Needs Million More Workers: Hoover

Former President Herbert Hoover urged on Feb. 8 a revision of the manpower program to maintain national strength and declared that 1,000,000 more workers are needed in the fields of agriculture, oil drilling and metal production.

Testifying before a Senate Appropriations subcommittee on manpower, Mr. Hoover said that "if we attempt too much on the military side, we may commit the fatal error of overstrain on the home front and thus damage our effectiveness in ultimate victory."

In a formal statement to the committee, the former President warned:

"There is a limit to our capacities and resources, great as they are. And in our planning we must at least prepare for a long war.

"Including the defeat of Japan, we must envisage at least three more years of war, and a prudent nation would possibly envisage five years."

Mr. Hoover, who was Food Administrator in the first World War, outlined three immediate factors in the problem, viz., the "Home Front," the "War Front," and "The Shipping Bottleneck," and said:

"If we put all these three factors together, of the obvious strains on the home front, that time runs in our favor in the war, the possible over-fast production of some munitions and the shipping bottlenecks, it would seem at least warranted to study a revision of our whole program of national production and supply based on the bottleneck limitation. It is possible that this would reduce the financial as well as the mineral, the agricultural, the food and other home front strains. In any event, we must have more labor in those fields if we are to maintain all national strength.

"Such a program might not meet the views of the generals or admirals who, of necessity, look only to the maximum military activity, but it is a serious consideration that we might break the back of our people on the home front and start internal degeneration, such as is now the fate of Germany. We should not imperil it by doing too much too fast. Especially when time runs in our favor."

Mr. Hoover in discussing the "Home Front" stated in part:

"There are evidences of future decrease in the production of oil due to lack of advance drilling. We should increase instead of decrease, or the whole war machine may be hurt. Similar strains are in metal production by insufficient labor for development work.

"No one can doubt the strain in this program of $100,000,000,000 annual war expenditure. To continue that rate at the present purchasing value of money over three or five years will make dangerous strains. Reduced to our proportionate populations, we are spending $8,000,000,000 to every $4,500,000,000 of the British and every $4,000,000,000 of the Germans.

"If we overdo these strains, we will find exhaustion and delays upon our home front. Total war is inevitably a race of exhaustion between nations. And we must make a strong finish."

Realty Bd. Urges Fight Against Bureaucracy

Concern over a postwar world in which the American people might not be able to get back the liberties and privileges that they have relinquished willingly to aid the war was expressed on Feb. 6 by four speakers at the annual dinner of the Real Estate Board of New York in the Hotel Commodore. This is learned from the New York "Times" which noted that the speakers were Governor Raymond E. Baldwin of Connecticut, Russell V. Cruikshank, President of the Real Estate Board, and Myron Short of Buffalo, President of the Savings Bank Association of New York State. From the "Times" we also quote:

"Condemnation of bureaucracy and a call for a return to the system that preceded the war was the keynote of each speech. Governor Baldwin said, 'We must remember that the freedom we work for and fight for is the only basis on which a lasting peace can be built.'

"Mr. Short and Mr. Cruikshank dealt mort specifically with real estate problems. A four-point program laid down by Mr. Cruikshank was:

"'Do everything possible to aid the war effort.

"'Realize that curing local ills is helping to improve the national picture and that therefore the present vicious overassessment of New York realty must be corrected by legislative creation of adequate means for assessment review.

"'Preserve America as it is by resisting every bureaucratic proposal not absolutely essential to the war effort and by demanding that present war regulations end when firing ceases.

"'Make a contribution to postwar planning by insisting that such planning be devoted first to preservation of the system of private enterprise which has made our country what it is.'"

1942 Manufactures Put At $121 Billion

According to the latest Department of Commerce estimates, made available Jan. 28, the gross value of United States manufactured products in 1942 was $121,000,000,000, more than double the $57,000,000,000 reported by the Census of Manufactures in 1939, and exceeding by 30% the $94,000,000,000 reported for 1941.

"The value of products represents the selling price at plant or factory," Secretary of Commerce Jesse Jones said. He added:

"Excluding duplications, estimated at about one-third, which result from the fact that the finished products of one firm often become the raw material of another, the net value of 1942 manufactured products is estimated at approximately $80,000,00,000, of which munitions and war construction accounted for about one-half.

"The 1943 outlook is for a total gross value of $145,000,000,000, a further gain of 20% over the 1942 figure. Excluding duplications, this would yield a net value of manufactures in 1943 of about $100,000,000,000, compared to $80,000,000,000 in 1942. Military and lend-lease requirements are expected to absorb nearly $65,000,000,000 of the $100,000,000,000. The 1943 estimate is based on a moderate price rise of 5%."

The Department indicates that the rising trend of value of manufactured products since 1939 is in part accounted for by the increase in prices over this period, the Secretary's announcement said. Thus the 30% gain in value of products from 1941 to 1942 represented an average rise of 10% in wholesale prices for industrial products, combined with an increase of 18% in the physical volume of output.

Further indicating the Department's advices, a Washington account in the Chicago "Journal of Commerce" said:

The rising trend of the value of manufactured products since 1939 is accounted for in part by the increase in prices over the period. The 30% gain in value of products from 1941 to 1942 represented an average rise of 10% for wholesale prices for industrial products, combined with an increase of 18% in the physical volume of output.

The shift in character of products incident to war expansion is reflected in the figures. While the value of durable goods products constituted 44% of the total value of products in 1939, it rose to 52% in 1941 and 54% in 1942.

In 1941 there was a record-breaking output of consumer durable goods superimposed upon a heavy volume of construction materials and the beginning of the armament program. In 1942 the sharp decline in the output of consumer durables was more than offset by the increase in the production of munitions and of materials for peak level construction activity.

Most of the non-durable goods industries also registered increases in the value of their products in 1942. The value of manufactured foods, clothing and textiles scored the largest gains during the year. Increases ranged from 25% in textiles to almost 40% in the apparel group.

Cuneo Quits WLB Post

John Cuneo, President of the Cuneo Press of Chicago, resigned on Feb. 2 as an associate employer member of the National War Labor Board. In a letter to William H. Davis, Chairman of the WLB, Mr. Cuneo said he was "unable to give sufficient time to the demanding work of the Board." He had served on the WLB since his appointment by President Roosevelt in January, 1942 (referred to in our issue of Feb. 5, page 566).

NLRB Should Be Empowered To Review Union Membership Restrictions: Newman

The National Labor Relations Act should be amended to empower the Board to review the reasonableness and propriety of admission requirements established by unions, it is declared by Professor Ralph A. Newman of St. John's University Law School, Brooklyn, and a member of the NLRB, in the current issue of the Columbia Law Review, publication of the Columbia University Law School. In a leading article on "The Closed Union and the Right to Work," Prof. Newman asserts that the enjoyment of the "right to work," one of the nine freedoms indorsed by President Roosevelt as national objectives, can hardly be secured unless some control be effected over membership requirements of labor unions. Prof. Newman further said:

"The conflict between the right to work and the attitudes of labor unions considered in relation to the phenomenon of the growth of the closed shop doctrine requires a re-examination of the effect on the public welfare of the rules of admission to labor unions and demands the discovery of an effective method of eliminating unreasonable and socially unsound restrictions on admission to, or retention of membership in unions.

"The initiation fee of apprentices in a New Jersey union was increased over a short period of time from $500 to $3,000. Union rules setting forth grounds of expulsion have included the commission of any 'disreputable' act by any officer of the organization; 'discredit' on the union; conduct unbecoming a union member; drunkenness, 'wrongfully' condemning any decision rendered by any officer of the organization; a member's deserting his family 'without good cause,' and using an unapproved circular.

"Least dramatic but most final of all grounds of expulsion, because less open to disputes of fact, is that of non-payment of dues. It has been held that the decision of the executive board of the union as to the breach of the rules is final, even though it was erroneous in fact.

"Restrictions on admission to union membership represent, not so much an economic problem involving the equation of maintenance of living standards versus the general level of productivity, as a political question involving the equation of the opportunity of the individual versus the interests of organized labor—the problem of the right to work.

"Viewed from this approach, limitation of the volume of labor in accordance with selective standards, that is, on the basis of skill, competence and experience rather than on the basis of arbitrary considerations of various kinds, would seem more consonant with equitable implications of the right to work.

"The suggestion is submitted that the National Labor Relations Act be amended so as to give the Board supervisory powers over the reasonableness of admission requirements established by labor unions. The suggestion is made with full recognition of the difficulties which will confront any body, judicial or administrative, in exercising such supervisory jurisdiction. The answer is twofold; that the assumption of such jurisdiction is practicable and that it is essential.

"The review of the reasonableness of union rules of admission would be no more difficult than is the exercise of control over the elusive element of bona fides in the bargaining process or over practices in hiring and discharging. On the question of necessity, it is submitted that governmental control is essential to avoid the peak of inequity which would be attained if government's assistance in collective bargaining were to enable organized labor to deny arbitrarily to individual workers the right not only to bargain, but to join the organizations and hence to work.

"The introduction into our governmental machinery of 'men of professional attainment, who will envisage governance as a career' (Landis, The Administrative Process), renders possible the delicate adjustment, by an administrative agency, of the conflicting interests of union and non-union members as readily as the regulation of railroads' services, trade practices, the issuance of securities and the manifold other enterprises into which government must of necessity project its controlling force."

Arbitration In Action—New Monthly Magazine

The first issue of "Arbitration in Action," a new monthly wartime publication of the American Arbitration Association, covering the current news of the practice and procedure of arbitration, was recently issued. The new magazine will carry current information on the use of voluntary arbitration in the management-labor, business and financial, Inter-American and international commercial fields, it was announced.

The initial issue of "Arbitration in Action" contains current news of voluntary arbitration and self-regulation by industry, from all sections of the Western Hemisphere. Of particular importance is an article entitled "Needed—a Shock Absorber for Peace," which points out that industry will find itself with billions of dollars of partially fulfilled government contracts outstanding on the day peace is declared, and it is suggested that improved machinery be set up for the speedy settlement of the cancellation of these contracts. Other articles of importance include a description of the new machinery being devised for the settlement of commercial disputes between nationals of different countries, in the post-war era; an analysis of War Labor Board trends entitled "Labor and its Troubles," and a legal section for members of the Bar, including a review of recent court decisions affecting the practice of arbitration.

China Rights Treaty Sent To Senate

President Roosevelt transmitted to the Senate on Feb. 1 for ratification the treaty between the United States and China providing for the relinquishment of extraterritorial rights in China and the regulation of related matters. Signing of the Treaty in Washington on Jan. 11 by Secretary of State Hull and the Chinese Ambasador, Dr. Wei Tao-ming, was reported in our issue of Jan. 28, page 422.

The introduction to the treaty states:

"The United States of America and the Republic of China, desirous of emphasizing the friendly relations which have long prevailed between their two peoples and of manifesting their common desire as equal and sovereign States that the high principles in the regulation of human affairs to which they are committed shall be made broadly effective, have resolved to conclude a treaty for the purpose of adjusting certain matters in the relations of the two countries."

A similar treaty between Great Britain and China was also signed on Jan. 11.

In a statement issued Feb. 5, Secretary Hull noted with satisfaction the celebration in China of the recent relinquishment by Britain and the United States of extra-territorial rights in that country. He said in a statement:

"There is being held in China a three-day celebration beginning today in honor of the recent signing of the American-Chinese and the British-Chinese treaties for the relinquishment of American and British extra-territorial and other special rights in China. I am sure that this celebration will be noted by the people of the United States with the utmost of good wishes for the people of China.

"We all share China's gratification—not only because of our deep-rooted feeling of friendship for China and the Chinese, but also because the step that the United States and Great Britain have taken with China has far-reaching significance as a concrete exemplification of the high principles for which the United Nations are fighting in the common struggle to destroy the forces of aggression and to build toward a better world."

Plans More War Aid For Small Business

Col. Robert W. Johnson, newly appointed Chairman of the Smaller War Plants Corporation, plans an appeal to the leaders of industry, commerce and banking, through their many organizations, "to give support to practical programs for increasing sub-contracting and for using the facilities of small business."

Col. Johnson, who was head of the New York ordnance district of the Army, was recently named to succeed Lou E. Holland of Kansas City, who headed the corporation since its creation last July. Mr. Holland, however, continues as Deputy Chairman of the War Production Board in charge of the Smaller War Plants Division. Col. Johnson, who is President and Chairman of Johnson & Johnson, surgical dressing manufacturers, said that he planned to decentralize activities of the SWPC and asserted that the spreading of work among smaller industries could "only be done through the services and with the militant cooperation of the large prime contractors."

Col. Johnson assumed his new office Feb. 8.

Mr. Holland announced on Jan. 31 that the Smaller War Plant Division, under its decentralization plan, has set up 12 regional offices and 131 district offices empowered to take action on the spot in arranging contract awards.

Representatives of the division will thus be able to work directly with distressed plants and district procurement officers of the Army, Navy and other agencies, Mr. Holland said, and the problems of small business will be met at the source, contracts handled directly and distribution of war work among distressed plants speeded.

E. L. Bernays Establishes Pub. Relations Fellowship

Edward L. Bernays, public relations counsel, has established a Fellowship for Research in Public Relations, it was announced Feb. 4 by Dr. John T. Madden, Dean of the New York University School of Commerce, Accounts, and Finance. This $1,000 contribution will be known as The Edward L. Bernays Public Relations Fellowship for 1943, and is to be awarded to a graduate student for the study of the public attitudes toward business since 1930 as reflected in the press, on the radio, resolutions and actions of the different constituent groups that make up our society—labor, religious, farm, social service, government and other groups. Mr. Bernays, in making the gift, said:

"American business has not always had that objectivity in its relation to the other constituent groups of our country that it should have had. A study of this kind should present a running picture for the period of the changing attitudes of the other groups towards what is commonly called 'business.' Such a study intelligently carried on should provide an objective base for the new type of industrialist."

The study will be supervised by Prof. D. B. Lucas, specialist in business research, who was appointed by Dean Madden to direct the project. Dr. Lucas has secured the cooperation of Alpha Delta Sigma, professional organization of college students in advertising, to aid in the field work of the investigation.

January Business Failures Decline Further

January business failures continue along the same lines that the previous reports have shown and are smaller than in December as well as being considerably below those of January, 1942, both as to the number of liabilities involved and the amount. Business insolvencies in January, according to Dun & Bradstreet, Inc., totaled 458 and involved $5,515,000 liabilities as compared with 506 involving $6,950,000 in December and 962 involving $9,916,000 in January, 1942.

The decline in the number of failures in January from the number in December took place in all of the divisions of trade that the report is divided into, with the exceptions of the Construction and Commercial Service Groups. When the amount of the liabilities is taken into consideration the Manufacturing Group is the only group that had a larger amount of liabilities.

Manufacturing failures last month numbered 79 involving $2,249,000 liabilities, compared with 86 in December with $1,997,000 liabilities. Wholesale failures decreased to 31 with $372,000 liabilities from 44 with $846,000 liabilities in December. In the retail trade section, insolvencies declined to 267 from 307 in December and liabilities dropped to $1,800,000 from $2,392,000 a month ago. Construction failures numbered 53 with $698,000 liabilities, which compares with 47 with $1,189,000 liabilities in December. Commercial service failures numbered 28 with $396,000 liabilities, as against 22 with $526,000 liabilities in December, 1942.

When the country is divided into Federal Reserve districts it is seen that seven districts had fewer insolvencies in January than in December, while the Boston and Kansas City Reserve districts had the same number and the Philadelphia, Chicago and San Francisco Reserve districts had more. When the amount of liabilities is considered, seven districts had smaller liabilities in January than in December, while the Boston, New York, Philadelphia, Chicago and Kansas City Reserve districts had more liabilities involved last month than in the previous month.

New South Wales Bond Tenders

Holders of external 30-year 5% sinking fund gold bonds, due Feb. 1, 1957 of the State of New South Wales, Australia, are being notified that the Chase National Bank of the City of New York, successor fiscal agent, is inviting tenders for the sale to it of an amount of these bonds sufficient to exhaust the sum of $229,064.52. Tenders will be accepted at prices not to exceed the principal amount of the bonds and accrued interest up to 12 o'clock noon on Feb. 8, 1943 at the corporate trust department of the bank, 11 Broad Street.

OPA Urged To Clarify Pleasure Driving Ban

The "arbitrary and un-American methods" of the Office of Price Administration in enforcing the ban on pleasure driving were criticized on Feb. 4 by Lawrence B. Elliman, Chairman of a special tax committee of the Chamber of Commerce of the State of New York. He urged the OPA to rely more on the cooperation of the American people and less on Government compulsion. Mr. Elliman introduced a resolution which, while wholly approving of the objectives of the OPA ban, urged that in order to "eliminate confusion and correct inequalities," the regulations should be revised along the following lines:

Distinguish between city, suburban and country areas, taking into consideration the accessible means of public transportation in each area and the distance to stores, churches, hospitals, doctors' and dentists' offices, movies, social contacts, etc.

Clearly define the uses to which cars may be put in each of these areas without violating the non-pleasure driving restriction.

Make allowances for old age and physical infirmities in determining if use of a car is essential.

Place more reliance on the patriotism of the American people and their willingness to cooperate and less reliance on Government compulsion. Remember that this is still a free country and that free men resent methods of enforcement which are suggestive of dictatorships and that American citizens are better led than driven.

Mr. Elliman moved for immediate adoption of the resolution without reference to committee, but this was objected to by C. Oliver Wellington, senior partner of the accounting firm of Scovell, Wellington & Co., who approved of the purpose of the resolution, but thought its importance deserved the consideration of a committee. Mr. Wellington's objection prevailed and President Frederick E. Hasler, who presided, referred the resolution to committee.

Giraud Hails Results At Casablanca for France

A communique from the headquarters of Gen. Henri Giraud, North African High Commissioner, declared on Jan. 27 that "substantial results have been obtained for France" in the ten-day meeting of Allied leaders at Casablanca.

"On the occasion of this conference," the communique said, Gen. Giraud met Gen. de Gaulle, leader of the Fighting French, and this personal contact "permitted the first examination of the conditions under which the French effort in the war of liberation might be organized.

"Exchanges of views will be continued on this subject. It has been decided henceforth to establish permanent liaison."

Associated Press advices from Algiers further said:

The United Nations, the communique said, have recognized in France "an ally who has never ceased to fight, by continuing the battle abroad or preparing to take up the battle anew in her territory. Her action in Tunisia is a manifestation of her will to free her territory."

Among the important military agreements reached at the conference was one granting priority to the French African forces on modern armaments indispensable to them, the communique said.

Completion of arrangements, at home and abroad, for a "permanent defense of French interests" was one of the fruits of the talks, it was said.

The meeting of the two French leaders was mentioned in our issue of Jan. 28, page 370.

Engineering Work $70,939,000 For Week

Engineering construction volume for the week, $70,939,000, is 13% lower than a week ago, and 32% below the total for the corresponding 1942 week as reported by "Engineering News-Record" on Feb. 11. Private construction declines 47% from the preceding week, and 30% from a year ago. Public work is 8% below last week and 33% under last year as both State and municipal work and Federal construction decreased. The report also had the following to say:

The current week's construction brings 1943 volume to $379,561,000, an average of $63,260,000 for each of the six weeks of the year. On the weekly average basis, 1943 volume is 50.5% below the total reported for the seven-week period in 1942. Private construction declines 54.5% and public work is 50% lower than last year, when adjusted for the difference in the number of weeks reported.

Construction volumes for the 1942 week, last week, and the current week are:

	Feb. 12, 1942	Feb. 4, 1943	Feb. 11, 1943
Total Construction	$104,893,000	$81,796,000	$70,939,000
Private Construction	7,943,000	10,440,000	5,532,000
Public Construction	96,950,000	71,356,000	65,407,000
State and Municipal	11,801,000	1,354,000	1,225,000
Federal	85,149,000	70,002,000	64,182,000

In the classified construction groups, gains over the preceding week are in waterworks, sewerage, bridges, commercial building and large-scale private housing, earthwork and drainage, and unclassified construction. Increases over the 1942 week are in waterworks and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $2.290,000; sewerage, $987,000; bridges, $178,000; industrial buildings, $870,000; commercial buildings, $1,964,000; public buildings, $41,252,000; earthwork and drainage, $1,152,000; streets and roads, $1,184,000; and unclassified construction, $21,062,000.

New capital for construction purposes for the week totals $41,000, and is made up entirely of State and municipal bond sales. The week's new financing brings the 1943 total to $5,447,000 for the six weeks of the year, a volume that compares with $1,104,629,000 reported for the seven-week period last year.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Feb. 16	117.11	108.88	117.60	115.24	110.15	94.86	99.52	112.93	115.43
15	117.11	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.63
13	117.12	108.88	117.60	115.24	110.15	94.86	99.36	112.93	115.63
12 Exchange Closed									
11	117.13	108.88	117.60	115.24	109.97	94.86	99.36	112.93	115.43
10	117.10	108.88	117.80	115.24	109.97	94.56	99.20	112.75	115.63
9	117.10	108.88	117.60	115.24	109.97	94.56	99.04	112.75	115.63
8	117.08	108.88	117.60	115.24	109.97	94.56	99.20	112.75	115.43
6	117.09	108.88	117.80	115.04	109.97	94.71	99.20	112.75	115.43
5	117.09	108.88	117.60	115.04	109.97	94.71	99.04	112.75	115.63
4	117.12	108.70	117.60	115.04	109.97	94.56	99.20	112.75	115.43
3	117.14	108.88	117.80	115.04	109.97	94.71	99.20	112.75	115.43
2	117.07	108.88	117.60	115.04	109.97	94.71	99.20	112.56	115.43
1	117.04	108.88	117.60	115.04	109.97	94.71	99.20	112.56	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
22	117.05	108.34	117.20	114.66	109.60	94.26	98.73	112.37	115.24
15	117.05	108.16	117.20	114.66	109.42	93.82	98.41	112.19	115.04
8	117.02	107.62	116.80	114.08	109.06	92.93	97.62	112.00	114.66
1 Exchange Closed									
High 1943	117.14	108.88	117.80	115.24	110.15	94.86	99.52	112.93	115.63
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago									
Feb. 16, 1942	116.30	106.74	116.22	113.50	107.80	91.62	97.00	110.70	113.31
2 Years ago									
Feb. 15, 1941	116.15	105.69	117.60	112.93	106.04	89.51	95.77	109.60	112.93

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Feb. 16	2.06	3.23	2.77	2.89	3.16	4.08	3.78	3.01	2.88
15	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.87
13	2.06	3.23	2.77	2.89	3.16	4.08	3.79	3.01	2.87
12 Exchange Closed									
11	2.06	3.23	2.77	2.89	3.17	4.08	3.79	3.01	2.88
10	2.06	3.23	2.76	2.89	3.17	4.10	3.80	3.02	2.87
9	2.06	3.23	2.77	2.89	3.17	4.10	3.81	3.02	2.87
8	2.06	3.23	2.77	2.89	3.17	4.10	3.80	3.02	2.88
6	2.06	3.23	2.76	2.90	3.17	4.09	3.80	3.02	2.88
5	2.06	3.23	2.77	2.90	3.17	4.09	3.81	3.02	2.87
4	2.06	3.24	2.77	2.90	3.17	4.10	3.80	3.02	2.88
3	2.06	3.23	2.76	2.90	3.17	4.09	3.80	3.02	2.88
2	2.06	3.23	2.77	2.90	3.17	4.09	3.80	3.03	2.88
1	2.06	3.23	2.77	2.90	3.17	4.09	3.80	3.03	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
22	2.06	3.26	2.79	2.92	3.19	4.12	3.83	3.04	2.89
15	2.06	3.27	2.79	2.92	3.20	4.15	3.85	3.05	2.90
8	2.07	3.30	2.81	2.95	3.22	4.21	3.90	3.06	2.92
1 Exchange Closed									
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	2.06	3.23	2.76	2.89	3.16	4.08	3.78	3.01	2.87
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago									
Feb. 16, 1942	2.11	3.35	2.84	2.98	3.29	4.30	3.94	3.13	2.99
2 Years ago									
Feb. 15, 1941	2.13	3.41	2.77	3.01	3.39	4.45	4.02	3.19	3.01

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1942, page 202.

Steel Operations Slightly Higher—War Needs More Easily Met—Orders Still Exceed Output

"Steps to help aircraft producers by relieving the numerous 'critical shortages' of alloy steel are understood to have been taken recently after a nation-wide investigation," says "The Iron Age," in its issue of today (Feb. 18), further adding in part as follows:

"Much of the trouble was traced to red tape at Washington, some of the fault was laid to airplane producers themselves and their subcontractors, and part of the blame was shared by raw materials suppliers. As many as several thousand individual reports of critical shortages of alloy steel have been on hand at one time.

"Several large companies this week reported orders still above actual output by as much as 25%. This means that backlogs are very high and in some cases unchanged from the December level. A surge in demand for steel drums is beginning to appear and steel for cartridges is being ordered heavily. The shipbuilding industry is calling for more steel steadily, most of the bulge coming from new yards. Much pre-fabricated shipwork is being done inland in the Middle West, and some of the sub-assemblies are so large that special transportation arrangements have to be provided.

"The Government's recovery of idle steel stocks has reached a sales turnover of 5,000 to 8,000 tons of steel a day, indicating the truth of assertions that much steel has gone into inventories since the start of the war.

"The Steel Recovery Project centering at Pittsburgh has uncovered approximately 10,000 tons of stainless steel and 40,000 tons of structural steel, and still has a dozen or more kinds of steel to survey. It is estimated that over 200,000 tons standing in stocks have been put up for sale in the past six weeks, in addition to 50,000 tons sold for re-melting purposes.

"At present, idle steel inventories are being bought by prospective customers by use of priority ratings. Daily inquiries to the Pittsburgh office of the Steel Recovery Corp. are at the rate of 600 or more.

"From an overall standpoint, the steel industry already is producing at almost maximum levels. The industry differs from many others due to continuous operations in coke, blast furnace and open hearth departments. On a 48-hour week, the continuous departments would need less men than were used on a 40-hour week and unless losses because of the draft absorb the excess manpower, there would not be enough work for all employees."

The American Iron and Steel Institute on Feb. 15 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.5% of capacity for the week beginning Feb. 15, compared with 99.3% one week ago, 99.8% one month ago and 96.2% one year ago. This represents an increase of 0.2 point or 0.2% from the preceding week. The operating rate for the week beginning Feb. 15, is equivalent to 1,702,100 tons of steel ingots and castings, compared to 1,698,700 tons one week ago, 1,707,300 tons one month ago, and 1,634,100 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 15, stated in part:

"While shipbuilding needs are expanding and other war needs are substantial many plate producers believe pressure over the next several weeks will not be excessive, as various other outlets have been severely restricted by the government, including building, tank fabrication and railroad equipment construction.

"In step with the enlarged shipbuilding program mills are increasing steel plate production, an all-time monthly record being established in January, when 1,135,413 net tons was delivered. This replaced the prior record of 1,124,118 tons made in July, last year. Contribution of converted continuous strip mills is shown by the fact that approximately half the total, 565,893 tons, was from that source. No record will be set in February because of its being a short month but March and April may challenge prior records, judging from indications in the shipbuilding industry, without exceeding available capacity.

"Deliveries fail to improve on most steel products, large bar rounds and flats holding at 10 to 12 weeks, with small rounds available at about six weeks. Some producers can not offer as favorable promises.

"Scrap position has been improved to the point that numerous large steelmakers have accumulated 30 to 60 days reserve and are not pressing for delivery. Receipts from other than industrial sources have declined recently, partly attributable to adverse weather conditions and also because of inability of dealers to maintain their working forces in face of better wages paid in other war industries. Considerable tonnage remains from salvage drives late last year, which has not been prepared, constituting a backlog for future weeks.

"American Iron and Steel Institute, summing up steel production in 1942, points out that production in six kinds of steel used mainly in war work set new marks, exceeding the highs made in 1941. In products normally used for civilian goods production fell off sharply. Plate production was 90% above 1941, alloy steel bars 20% higher and carbon hot-rolled bars 2%. Shape production, though building was restricted, was 8% over 1941.

"Production of steel ingots and castings in January was second highest in the history of the steel industry, 7,408,744 net tons, compared with 7,584,864 tons in October, 1942, the all-time record. It compares with 7,303,179 tons in December and 7,124,922 tons in January, 1942. In January the industry averaged 97.8% of capacity.

"Composite steel and iron prices are steady at levels prevailing over the past few months."

Auto Accessory Mfrs. Hold Convention In NY

The Automotive Accessories Manufacturers Association concluded on Feb. 4 its annual convention at the Park Central Hotel, New York City. The convention was noticeable for its lack of displays, which were missing due to the all-out effort of these manufacturers to insure victory. This "war conference" was for the purpose of bringing the manufacturers into contact with the jobbers and retail outlets and to discuss improvements in various items being made for the Government.

Kelly & Hoguet Head Charities Committee

Orie R. Kelly, President of the Lawyers' Trust Co., and Robert L. Hoguet, President of the Emigrant Industrial Savings Bank, New York, have been appointed Chairman and Vice-Chairman, respectively, of the Banks and Trusts group of the Archbishop's Committee of the Laity, in the 24th annual fund appeal of the Catholic Charities of the Archdiocese of New York, it was announced Feb. 3 by John A. Coleman, Executive Chairman of the Special Gifts Committee.

The Archbishop's Committee, of which former Governor Alfred E. Smith is General Chairman, solicits contributions from professional and business leaders through the Special Gifts Committee, which last year collected more than $336,000 in addition to $792,000 raised by teams of parish workers. The 1943 appeal will open April 4 in the 376 parishes of the Archdiocese. New York Catholic Charities coordinates the work of 182 hospitals, child caring homes, day nurseries and family relief and other agencies in the ten counties of the New York Archdiocese. Appointment of the heads of the investment bankers group was noted in these columns Feb. 4, page 483.

Benson, Bartholomew Again Named To N. Y. Banking Board

The New York State Senate on Feb. 3 confirmed Governor Dewey's renominations of Philip A. Benson of Brooklyn and Arthur P. Bartholomew of Rochester as members of the State Banking Board.

Both men had been recess appointees of former Governor Lehman. Mr. Benson is President of the Dime Savings Bank of Brooklyn and a former President of the American Bankers Association. He was named to the Board last November to take the post made vacant by the death of Henry R. Kinsey, President of the Williamsburgh Savings Bank of Brooklyn (referred to in our issue of Dec. 10, page 2080). His new term will expire March 4, 1944.

Mr. Batholomew is Secretary-Treasurer and Managing Director of the Eastman Savings and Loan Association of Rochester. His appointment to the Board last October was in accordance with the change in the banking law whereby one having savings and loan experience was to be added; this was noted in these columns Oct. 15, page 1366. Mr. Bartholomew was named for a term expiring March 1, 1945.

New Cotton Exch Members

The Board of Managers of the New York Cotton Exchange announces the election of George E. Gibbons, Hsueh Lian Hsieh and William H. Flautt. Mr. Gibbons of the firm of George E. Gibbons & Co., located in Corpus Christi, Texas, is also a member of the Texas Cotton Association and Corpus Christi Cotton Exchange. The election of Mr. Gibbons to membership in the New York Cotton Exchange brings the total Texans to 33 of the memberships in New York. Mr. Hsueh Lian Hsieh, is President of Yung Tai & Co. (Inc.), New York City, and a member of the Commodity Exchange. Mr. Flautt, who is a partner in the firm bearing his name in Memphis, Tenn., is also a member of the Memphis Cotton Exchange. His election to membership in the New York Cotton Exchange brings the total representation of Memphis brokers to 25.

Moody's Daily Commodity Index

Tuesday, Feb. 9	244.5
Wednesday, Feb. 10	245.1
Thursday, Feb. 11	244.8
Friday, Feb. 12	*
Saturday, Feb. 13	244.4
Monday, Feb. 15	245.2
Tuesday Feb. 16	246.2
Two weeks ago, Feb. 2	245.0
Month ago, Jan. 16	243.0
Year ago, Feb. 16	228.2
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, Feb. 16	246.2
Low, Jan. 2	240.2

*Holiday.

Labor Bureau's Wholesale Commodity Index Advances To Highest Level In 17 Years

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Feb. 11 that sharp increases in primary market prices for fruits and vegetables and continued advances in grains brought the Bureau's comprehensive index of nearly 900 series for the week ended Feb. 6 up 0.2% to a new wartime high. At 102% of the 1926 average the index reached the highest level in 17 years. Since the first of the year the index has risen 0.6% and it is 6.6% higher than at this time last year.

The Bureau's announcement further explained:

"Farm Products and Foods—Continued increases in prices for corn and cotton, hogs, steers and sheep; for apples, oranges and lemons, and for hay, peanuts, seeds and potatoes were responsible for a further gain of 0.4% in market prices for farm products during the week. Lower prices were reported for oats, rye and eggs. At 118.2% of the 1926 average the farm products index has reached the highest point since late in 1920.

"In addition to higher prices for fresh fruits and vegetables, increased prices were reported for flour and corn meal and the foods group index was up 0.1%. Prices were lower for butter. Average prices for foods have risen 0.7% in the past month and they are 12% higher than early in February a year ago.

"Weakening markets for bran brought average prices for cattle feed down over 1% during the week.

"Industrial Commodities—Prices for most industrial commodities continued steady. Coal, fuel oil in the Pennsylvania region, linseed oil, synthetic camphor, soap and boxboard advanced, while quotations for several types of lumber for rosin and for turpentine weakened."

The Bureau makes the following notation:

"During the period of rapid changes caused by price controls, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports."

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Jan. 9, 1943 and Feb. 7, 1942, and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

Commodity groups	2-6 1943	1-30 1943	1-23 1943	1-9 1943	2-7 1942	Percentage changes to Feb. 6, 1943 from— 1-30 1943	1-9 1943	2-7 1942
All commodities	*102.0	*101.8	*101.7	*101.4	95.7	+0.2	+0.6	+ 6.6
Farm products	118.2	117.7	117.2	116.1	100.1	+0.4	+1.8	+18.1
Foods	105.1	105.0	104.7	104.4	93.7	+0.1	+0.7	+12.2
Hides and leather products	118.4	118.4	118.4	118.4	115.8	0	0	+ 2.2
Textile products	96.8	96.8	96.8	96.7	93.5	0	+0.1	+ 3.5
Fuel and lighting materials	80.4	80.1	80.1	80.0	78.4	+0.4	+0.5	+ 2.6
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.6	0	0	+ 0.3
Building materials	110.1	110.1	110.0	110.0	109.4	0	+0.1	+ 0.6
Chemicals and allied products	99.5	99.5	99.5	99.5	96.6	0	0	+ 3.0
Housefurnishing goods	104.1	104.1	104.1	104.1	102.9	0	0	+ 1.2
Miscellaneous commodities	90.5	90.5	90.5	90.4	88.2	0	+0.1	+ 2.6
Raw materials	108.6	108.3	108.0	107.2	95.9	+0.3	+1.3	+13.2
Semimanufactured articles	92.5	92.5	92.5	92.5	91.9	0	0	+ 0.7
Manufactured products	*100.4	*100.3	*100.3	*100.2	96.3	+0.1	+0.2	+ 4.3
All commodities other than farm products	*98.5	*98.4	*98.4	*98.2	94.7	+0.1	+0.3	+ 4.0
All commodities other than farm products and foods	*96.4	*96.3	*96.3	*96.2	94.5	+0.1	+0.2	+ 2.0

*Preliminary.

National Fertilizer Association Commodity Price Index Still Rising

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Feb. 15 advanced last week for the tenth consecutive time. In the week ended Feb. 13, 1942, this index rose to 134.6 from 134.1 in the preceding week. A month ago the index stood at 133.4 and a year ago at 122.2% of the 1935-1939 average as 100. The Association's report added:

The increase in the general level was due to higher prices for farm products and foods, and gains in some industrial commodities. The prices of cotton and most grains were lower, but the effect of such declines on the farm product group average was more than offset by substantial gains in livestock quotations. The net result was a rise in the farm product price index to a new high level. The food price average recovered a loss suffered in the previous week, as a result of upturns in the prices of eggs and potatoes. An upswing in the fuel index resulted from upward adjustment of bituminous coal prices by the Office of Price Administration. The index of miscellaneous commodities registered a fractional advance, as a result of higher prices for cattle feed. The only group average to decline was the textile price index. The average of industrial commodities was moderately higher.

During the week 13 commodities advanced and 4 declined; in the preceding week there were 11 advances and 7 declines; in the second preceding week there were 19 advances and 7 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Feb. 13, 1943	Preceding Week Feb. 6, 1943	Month Ago Jan. 9, 1943	Year Ago Feb. 14, 1942
25.3	Foods	137.8	137.5	137.8	118.2
	Fats and Oils	148.5	148.5	150.2	135.6
	Cottonseed Oil	159.0	159.0	164.7	158.7
23.0	Farm Products	151.6	151.0	150.2	131.7
	Cotton	194.7	195.6	193.9	180.8
	Grains	134.1	134.5	132.2	119.1
	Livestock	149.0	147.9	147.5	124.6
17.3	Fuels	121.7	120.0	119.3	113.8
10.8	Miscellaneous commodities	129.2	129.0	129.4	127.0
8.2	Textiles	150.5	150.6	150.1	146.1
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	151.7	151.7	151.4	135.1
1.3	Chemicals and drugs	127.6	127.6	127.6	120.3
.3	Fertilizer materials	117.6	117.6	117.6	118.4
.3	Fertilizers	117.6	117.6	115.3	114.0
.3	Farm machinery	104.1	104.1	104.1	103.5
100.0	All groups combined	134.6	134.1	133.4	122.2

*Indexes on 1926-1928 base were Feb. 13, 1943, 104.9; Feb. 6, 1943, 104.5; Feb. 14, 1942, 95.2.

Cottonseed Receipts In January

On Feb. 13, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the five months ended with January, 1943 and 1942.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	Received at mills* Aug. 1 to Jan. 31 1943	1942	Crushed Aug. 1 to Jan. 31 1943	1942	On hand at mills Jan. 31 1943	1942
United States	4,227,544	3,667,963	3,255,402	2,761,987	1,049,405	1,036,505
Alabama	242,921	202,233	198,564	159,884	47,690	53,522
Arizona	62,353	70,843	44,394	56,782	18,350	14,278
Arkansas	457,134	464,109	310,563	320,161	158,392	168,878
California	124,864	130,820	76,949	91,010	49,090	46,305
Georgia	318,259	216,975	286,013	174,593	36,303	61,298
Louisiana	155,260	76,755	146,745	71,031	9,259	6,250
Mississippi	728,738	541,973	490,716	376,645	244,263	169,354
North Carolina	250,666	202,753	202,748	160,308	49,575	52,181
Oklahoma	210,648	231,591	176,451	196,076	38,661	36,047
South Carolina	187,970	96,922	178,395	89,155	9,522	10,775
Tennessee	368,436	388,562	249,434	259,038	128,189	150,192
Texas	980,947	906,932	809,032	713,206	204,870	220,920
All other States	139,348	137,495	85,398	94,098	55,241	46,505

*Does not include 81,928 and 130,529 tons on hand Aug. 1 nor 32,937 and 32,936 tons reshipped for 1943 and 1942, respectively. Does include 4,665 tons destroyed for 1943.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to Jan. 31	Shipped out Aug. 1 to Jan. 31	On hand Jan. 31
Crude oil (thousand pounds)	1942-43	*34,460	1,006,678	959,892	*153,873
	1941-42	29,708	851,179	802,774	181,830
Refined oil (thousand pounds)	1942-43	†310,191	‡801,743	------	†327,618
	1941-42	294,005	637,945	------	320,317
Cake and meal (tons)	1942-43	190,100	1,440,003	1,554,237	75,866
	1941-42	164,444	1,206,799	1,001,509	369,734
Hulls (tons)	1942-43	44,118	788,752	795,223	37,647
	1941-42	151,439	688,894	610,780	229,553
Linters (running bales)	1942-43	43,295	§979,223	751,140	§271,378
	1941-42	123,154	806,525	783,273	146,406
Hull fiber (500-lb. bales)	1942-43	229	21,072	18,901	2,400
	1941-42	1,834	20,257	20,151	1,940
Grabbots, motes, &c. (500-lb. bales)	1942-43	23,644	41,931	30,906	34,669
	1941-42	6,183	36,957	20,743	22,397

*Includes 24,484,000 and 81,551,000 pounds held by refining and manufacturing establishments and 2,118,000 and 17,678,000 pounds in transit to refiners and consumers Aug. 1, 1942, and Jan. 31, 1943, respectively.

†Includes 3,620,000 and 10,143,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 1,389,000, and 2,961,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc., Aug. 1, 1942, and Jan. 31, 1943, respectively. Does not include winterized oil.

‡Produced from 858,284,000 pounds of crude oil.

§Total linters produced includes 10,133 bales first cut, 53,975 bales second cut and 915,115 bales mill run. Total held includes 8,736 bales first cut, 14,018 bales second cut and 248,624 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

Non-Ferrous Metals—War Production Board Tightens Control Over Zinc Consumption

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 11, stated: "Though it is well known that domestic smelters are producing more zinc than ever before, the War Production Board has taken another step toward tightening control over consumpton of the metal. During the last week the conservation order for zinc was amended to limit distribution of remelt zinc by dealers to orders bearing ratings of AA-5 or higher. Tungsten control also was extended. The Aluminum Division of WPB has been transferred to Charles E. Wilson- Vice-Chairman and head of aircraft production. Jurisdiction over aluminum formerly was in the hands of Ferdinand Eberstadt, Vice-Chairman of the Office of Program." The publication further went on to say in part:

Copper

Producers of copper assume that the distribution of the metal under CMP will result in no radical changes in procedure so far as they are concerned. The domestic and foreign price situation remains unchanged. Consumers are obtaining copper on the 12¢ Valley basis, with foreign metal moving to Metals Reserve at 11.75¢, f.a.s. United States ports.

Effective Feb. 15, a warehouse may fill an authorized controlled-materials order, or an order bearing a preference rating of AA-5 or higher, for brass mill or wire mill products, if the order calls for the delivery of 500 pounds or less of any item to any one destination at any one time, according to CMP regulation No. 4, issued last week. Not more than 2,000 pounds of any one item may be delivered to a customer during a calendar month. All warehouse orders must be accompanied by a certificate signed by the person placing them.

Certain copper conductor wire will be released from frozen stocks by WPB to provide material for urgent rural electrical extensions in connection with the Government's food program.

General Cable Corp. has entered into an agreement with the Corporacion de Fomento de la Production, an enterprise backed by the Government of Chile, for the sale of machinery and equipment for the fabrication of wire and cable. The equipment is not being used in the war program and is situated at the Pawtucket R. I., plant.

Lead

Domestic consumption of lead has varied little in volume in recent months, averaging close to 65,000 tons a month. Sales of common lead during the last week were less than in the week previous. Consumers' needs for February have been provided for to the extent of about 80%, according to trade estimates, with March coverage around 20%. Quotations continued on the basis of 6.50¢, New York, and at 6.35¢, St. Louis.

Zinc

Control over use of remelt zinc was ordered by WPB on Feb. 9. At the same time, in amending Conservation Order M-11, the transfer and use of scrap will be regulated to divert supplies, except as specifically authorized, for the war program. All grades of zinc now are fully controlled by WPB. The price situation has not changed, Prime Western holding on the basis of 8¼¢, St. Louis.

Platinum Metals

The effective date of the OPA order establishing maximum prices for the platinum metals is Feb. 1, 1943. This corrects a press release that fixed the date as of Feb. 11.

The order also provides that a seller's maximum price for any of the platinum group metals of commercial purity and in commercial forms and quantities shall be the price named by OPA less any discounts, differentials, or allowances which the seller had in effect in the period from Jan. 1 to March 31, 1942, for the sale of such metal to a purchaser of the same class. "Had in effect" as applied to discounts, differentials, allowances, and prices, means the dollar-and-cents discount, etc., per troy ounce, at which the seller sold, or, if no sale was made, at which the seller would have sold.

Maximum prices are: Platinum, $35 per ounce troy; palladium, $24; ruthenium, $35; rhodium, $125; iridium, $165; and osmium, $50.

Tin

Tin control in the United Kingdom has been extended to cover quantities of one hundredweight or less consumed monthly.

The price situation in the United States has not changed during the last week. Straits quality tin for future shipment was as follows:

	Feb.	March	April
Feb. 4	52.000	52.000	52.000
Feb. 5	52.000	52.000	52.000
Feb. 6	52.000	52.000	52.000
Feb. 8	52.000	52.000	52.000
Feb. 9	52.000	52.000	52.000
Feb. 10	52.000	52.000	52.000

Chinese tin, 99% grade, continued at 51.125¢ a pound.

Quicksilver

With a substantial stockpile of metal on hand in the country, consumers of quicksilver are not greatly concerned about temporary changes in the production rate. Quotations in New York remain unchanged at $196 to $198 per flask. The ex-warehouse quotation in London is being continued at £68 10s per flask, for lots of 11 flasks or more.

Silver

The American Bureau of Metal Statistics estimates United States production of silver for 1942 at 54,486,000 ounces, which compares with 69,128,000 ounces in 1941 and 67,013,000 ounces in 1940.

The London market was unchanged last week at 23½d an ounce troy. The New York Official continued at 44¾¢.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc, and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" as of July 31, 1942, page 380.

Lumber Movement—Week Ended Feb. 6, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 453 mills reporting to the National Lumber Trade Barometer exceeded production by 15.0% for the week ended Feb. 6, 1943. In the same week new orders of these mills were 12.4% greater than production. Unfilled order files in the reporting mills amounted to 84% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 41 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 17.4%; orders by 21.7%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 7.2% greater; shipments were .01% greater, and orders were 4.8% less.

January Retail Prices Continue Unchanged, According To Fairchild Publications Index

February 1, 1943 again finds the Fairchild Publications Retail Price Index unchanged. For the seventh consecutive month, since the price ceilings went into effect, the index has remained at 113.1. This is only 2.6% higher than it was last year at this time. Although this shows a slight increase above last year, the spread is narrowing, since the 2.6% increase follows one of 4.4% and one of 5.2%. Prices are still 27.2% above the period immediately preceding the outbreak of European hostilities. The announcement from Fairchilds, made available Feb. 15, also says:

"For the first time since the composite index itself has remained stationary there has been no movement recorded by any of the major groups. The very slight advances shown in individual items has had no effect on these five classifications. Piece goods, which for many months with the exception of last month showed the greatest increase over the previous year, again indicates the largest advance, that of 4.8%. It is followed by men's apparel with 4.2%. For the first time in months the least rise over last year is recorded by home furnishings rather than infants' wear, 2.5%. The comparison with the 1939 period shows as usual that piece goods advanced the most, 33.6%, and infants' wear the least.

"Only two of the individual commodities moved during the month. Both furs and men's clothing increased 0.1%. The other items remained unchanged, some of them at the level they have been for some time. All the commodities are still somewhat higher than last year at this time, but the increases from month to month are growing smaller. The largest is in cotton wash goods, 6.6%, and the smallest in furs, that of 0.4%. Over the period immediately preceding the outbreak of war in Europe, furs continue to show the largest advance, that of 49.9%, and women's shoes the smallest, 6.8%.

"Retail prices will continue for some time to remain at about the same level that they have been for the past seven months, according to A. W. Zelomek, economist under whose supervision the index is compiled. There continues to be the possibility of some upward movement as is shown by the slight increases in the individual items. These have been due to the various price regulations which permit adjustment of the ceiling prices."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX

JAN. 3, 1931=100

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	May 1, 1933	Feb. 1, 1942	Nov. 1, 1942	Dec. 1, 1942	Jan. 2, 1943	Feb. 1, 1943
Composite Index	69.4	110.2	113.1	113.1	113.1	113.1
Piece Goods	65.1	107.1	112.2	112.2	112.2	112.2
Men's Apparel	70.7	101.1	*105.3	105.3	105.3	105.3
Women's Apparel	71.8	109.1	112.6	112.5	112.6	112.6
Infants' Wear	76.4	104.9	108.0	108.0	*108.1	108.1
Home Furnishings	70.2	112.7	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	82.1	84.7	84.7	84.7	84.7
Woolens	69.2	104.2	108.0	108.0	108.0	108.0
Cotton Wash Goods	68.6	134.9	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	120.8	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	128.8	135.0	135.0	135.0	135.0
Women's Apparel						
Hosiery	59.2	89.8	94.1	94.1	94.1	94.1
Aprons & House Dresses	75.5	124.2	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	105.2	111.2	111.2	111.2	111.2
Furs	66.8	134.0	134.6	134.3	134.5	134.6
Underwear	69.2	100.6	102.7	102.7	102.7	102.7
Shoes	76.5	91.0	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	102.4	108.0	108.0	108.0	108.0
Underwear	69.6	110.4	*114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	96.1	99.0	*99.1	99.1	99.1
Hats & Caps	69.7	90.8	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	102.2	105.9	105.9	105.9	*106.0
Shoes	76.3	104.5	109.6	109.6	109.6	109.6
Infants' Wear						
Socks	74.0	108.8	114.5	114.5	114.5	114.5
Underwear	74.3	102.1	103.6	103.6	*103.7	103.7
Shoes	80.9	103.8	*106.0	106.0	106.0	106.0
Furniture	69.4	128.6	129.2	129.2	129.2	129.2
Floor Coverings	79.9	143.9	146.8	146.8	146.8	146.8
Radios	50.6	66.3	66.8	66.8	66.8	66.8
Luggage	60.1	92.6	94.7	94.7	94.7	94.7
Electrical Household Appliances	72.5	92.3	93.5	93.5	93.5	93.5
China	81.5	108.5	110.6	110.6	110.6	110.6

NOTE—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*Increases due to application of price ceiling adjustments.

Bank Debits For Month Of January

As announced on March 30, the Board of Governors of the Federal Reserve System has discontinued the issuance of its weekly "bank debits" press statement and beginning with the month of May has collected figures on a monthly basis from member and non-member banks in the centers previously included in the weekly bank debits statement. The last weekly report was published on page 1876 of the May 4, 1942, issue of the "Chronicle."

We present below the figures for the month of January.

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

Federal Reserve District—	Jan. 1943	Jan. 1942	—3 Months Ended— Jan. 1943	Jan. 1942
Boston	2,850	2,871	9,373	8,822
New York	21.628	18.953	66,423	59,109
Philadelphia	2.695	2,578	8,353	8,131
Cleveland	3.837	3.472	12,324	11,068
Richmond	2.110	1,967	6,822	6,015
Atlanta	1,889	1,707	5,819	5,073
Chicago	8.457	7,391	26,158	22,799
St. Louis	1.704	1,641	5,418	4,970
Minneapolis	1,007	923	3,217	2,853
Kansas City	1.935	1,590	6,077	4,804
Dallas	1.514	1,360	4,836	4,162
San Francisco	5,152	4,152	15,623	12,456
†Total, 274 centers	54.780	48,605	170,443	150,262
*New York City	19.877	17,247	60,814	53,922
*140 other centers	30.263	27,028	94,865	83,248
†133 other centers	4.640	4,330	14,764	13,092

*Included in the national series covering 141 centers, available beginning in 1919.

†Excluding centers for which figures were not collected by the Board before May, 1942.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the total production of soft coal in the week ended Feb. 6 is estimated at 11,880,000 net tons, an increase of 380,000 tons, or 3.3%, over the output in the preceding week. Production in the week of Feb. 7, 1942, was estimated at 10,902,000 tons. For the year to date, output was 1.3% lower than in the corresponding period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Feb. 6, 1943, was estimated at 1,344,000 tons, compared with 1,322,000 tons in the preceding week and 1,150,000 tons in the same period in 1942. Anthracite output for the calendar year to date amounted to 5,658,000 tons, as against 5,682,000 tons in the corresponding period last year.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

In Net Tons (000 omitted)

Bituminous coal and lignite—	—Week Ended— Feb. 6, 1943	†Jan. 30, 1943	Feb. 7, 1942	—January 1 to Date— Feb. 6, 1943	‡Feb. 7, 1942	Feb. 6, 1937
Total, incl. mine fuel	11,880	11,500	10,902	59,009	59,808	51,456
Daily Averages	1,980	1,917	1,817	1,904	1,869	1,660
*Crude Petroleum— Coal equivalent of weekly output	6,172	6,129	6,947	32,820	36,542	27,170

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B. t. u. per barrel of oil and 13,100 B. t. u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised. ‡subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	—Week Ended— Jan. 30, 1943	Jan. 23, 1943	Jan. 31, 1942	Feb. 1, 1941	Jan. 30, 1937	Jan. avge. ¶1923
Alaska	6	6	3	6	2	**
Alabama	381	375	379	331	321	434
Arkansas and Oklahoma	106	89	78	103	112	93
Colorado	192	182	186	164	245	226
Georgia and North Carolina	1	1	1	††	††	**
Illinois	1,388	1,340	1,442	1,220	1,451	2,111
Indiana	515	483	563	497	391	659
Iowa	67	55	92	74	131	140
Kansas and Missouri	204	179	207	167	220	190
Kentucky—Eastern	883	935	748	851	220	607
Kentucky—Western	300	288	272	222	76	240
Maryland	29	33	39	38	36	55
Michigan	7	8	7	11	21	32
Montana (bituminous and lignite)	101	93	84	67	77	82
New Mexico	38	34	29	27	45	73
North and South Dakota (lignite)	70	71	51	58	106	**50
Ohio	680	640	686	534	480	814
Pennsylvania (bituminous)	2,745	2,538	2,742	2,622	2,392	3,402
Tennessee	135	138	137	135	125	133
Texas (bituminous and lignite)	8	10	8	7	14	26
Utah	130	127	123	89	143	109
Virginia	380	394	365	343	241	211
Washington	36	29	32	38	65	74
*West Virginia—Southern	2,070	2,105	1,960	1,912	1,070	1,134
†West Virginia—Northern	820	855	831	689	680	762
Wyoming	207	192	155	124	175	186
‡Other Western States	1	††	††	††	††	**7
Total bituminous and lignite	11,500	11,200	11,220	10,329	8,839	11,850
§Pennsylvania anthracite	1,322	1,047	1,096	1,234	1,052	1,968
Total all coal	12,322	12,247	12,316	11,563	9,891	13,818

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Electric Output For Week Ended Feb. 13, 1943 Shows 15.1% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Feb. 13, 1943, was approximately 3,939,708,000 kwh., compared with 3,421,639,000 kwh. in the corresponding week last year, an increase of 15.1%. The output for the week ended Feb. 6, 1943, was 14.0% in excess of the similar period in 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	—Week Ended— Feb. 13	Feb. 6	Jan. 30	Jan. 23
New England	6.0	3.1	3.6	7.0
Middle Atlantic	8.6	5.1	7.7	9.6
Central Industrial	12.4	11.8	12.2	12.6
West Central	13.0	15.0	15.6	14.3
Southern States	19.3	20.4	20.1	21.2
Rocky Mountain	14.2	12.3	13.8	11.0
Pacific Coast	32.2	29.9	29.6	30.6
Total United States	15.1	14.0	14.7	15.5

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Nov 7	3,761,961	3,368,690	+11.7	2,858,054	1,520,730	1,798,164
Nov 14	3,775,878	3,347,893	+12.8	2,889,937	1,531,584	1,793,584
Nov 21	3,795,361	3,247,938	+16.9	2,839,421	1,475,268	1,818,169
Nov 28	3,766,381	3,339,364	+12.8	2,931,877	1,510,337	1,718,002
Dec 5	3,883,534	3,414,844	+13.7	2,975,704	1,518,922	1,806,225
Dec 12	3,937,524	3,475,919	+13.3	3,003,543	1,563,334	1,840,863
Dec 19	3,975,873	3,495,140	+13.8	3,052,419	1,554,473	1,860,021
Dec 26	3,655,926	3,234,128	+13.0	2,757,259	1,414,710	1,637,683

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
Jan 2	3,779,993	3,288,685	+14.9	2,845,727	1,619,265	1,542,000
Jan 9	3,952,587	3,472,579	+13.8	3,002,454	1,602,482	1,733,810
Jan 16	3,952,479	3,450,468	+14.5	3,012,638	1,598,201	1,736,729
Jan 23	3,974,202	3,440,163	+15.5	2,996,155	1,588,967	1,717,315
Jan 30	3,976,844	3,468,193	+14.7	2,994,047	1,588,853	1,728,203
Feb 6	3,960,242	3,474,638	+14.0	2,989,392	1,578,817	1,726,161
Feb 13	3,939,708	3,421,639	+15.1	2,976,478	1,545,459	1,718,304
Feb 20		3,423,589		2,985,585	1,512,158	1,699,250
Feb 27		3,409,907		2,993,253	1,519,679	1,706,719

Federal Tax Deduction On State Inc. Returns Urged By N. Y. Chamber

Governor Dewey and members of the New York State Legislature were urged by the Chamber of Commerce of the State of New York on Feb. 4 to further lighten the burden of State taxpayers by amending the State income tax law so as to permit the deduction of Federal income taxes in computing individual State income tax returns. In adopting the report, drawn by its Committee on Taxation, the Chamber also urged the repeal or amendment of mandatory laws which prevent local control of the expenses of New York and other cities in the State. The report stated:

"Both the State and Federal Government have voted themselves as partners in the incomes of individuals and have insisted upon their share of such income before the individual can exercise any rights himself with regard to the disposition of that portion of the income which remains to him. New York State has failed to give effective recognition to this condition. It assesses a tax upon an amount which is considerably greater than the true income available to the individual so taxed. As a result the presumed maximum rate of 7% assessed by the State is in fact in many cases a rate several times 7% upon the true effective income of the individuals taxed."

The report pointed out that under existing State laws, municipalities in New York State have little control over many of their expenses, adding:

"Services of local government, more or less under direct State supervision, include education, certain courts, relief activities, etc. The salary increases which are mandatory run into millions of dollars. Neither the Mayor nor the Board of Estimate have control over these expenditures. State laws not only determine salaries, but also in some cases, the number of employees. Most of these various compulsory laws have been passed under the spur of high pressure groups who give no heed to the financial affairs of their city."

The report also urged that a study be made of the State Franchise tax "with a view to amendments which will make a proper allowance for Federal taxes paid and some provision for a post-war refund to meet the readjustments essential to peace-time operations."

New NY Chamb. Members

Seven new members of the Chamber of Commerce of the State of New York were elected at the monthly meeting on Feb. 4. They are:

George L. Morrison, President, General Baking Co.; Harold G. Cutright, Vice-President, Standard Brands, Inc.; Fred H. Kay, Director, Standard-Vacuum Oil Co.; Lieutenant Commander Edgar F. Anderson, President, New York Sandy Hook Pilots Association; I. B. Catz, Catz American Co., Inc.; Robert L. Greene, Resident Manager, The Employers' Group, and Lester P. Barlow, Shoreham, Vt.

Dawson OPA Official

The appointment of Edward Dawson of the Office of Price Administration as liaison official with Congress has been made by Price Administrator Prentiss Brown. Specifically, according to the Associated Press, Mr. Dawson is available to help solve, or at least answer, the problems which constituents report to their Congressmen.

First Boston Corporation 1942 Net $491,256

The annual report of The First Boston Corporation, issued to the stockholders on Jan. 30, shows a net operating profit for the year of $182,416 and, after adding security depreciation adjustment of $308,840, a net income of $491,256.

On Dec. 31, 1942, the total capital funds, exclusive of reserves, amounted to $10,810,750, which reflects the payment of a dividend of $150,000 on Jan. 31, 1942, and the purchase of 50,000 shares of capital stock during the year, but does not reflect the $450,000 in dividends declared Jan. 14, 1943.

Allan M. Pope, President of the Corporation, revealed that during 1942 the organization purchased an aggregate of 50,000 shares of its capital stock at an average cost of $10 per share but that none of this stock was bought from any officer or director. Mr. Pope further said that "if and when it seems to be to the advantage" of the corporation, the Directors will propose that there be purchased up to an additional 100,000 shares of capital stock. No action, however, has yet been taken to authorize such additional purchases.

Mr. Pope noted that the Corporation has endeavored to conduct its affairs to meet the ever-changing conditions caused by the war. He added that the Corporation has done its full share of work with the United States Treasury Victory Fund Committees in each of the localities where it has offices and that "it has co-operated with the Treasury Department and the several Federal Reserve Banks of the country in the placing of new government issues and in maintaining orderly markets in outstanding issues. In addition, it has participated in the underwriting or distribution of $1,016,640,560 of investment bonds and stocks, thereby assisting in maintaining open markets for such issues notwithstanding war conditions."

A summary of the Corporation's income account for the year ended Dec. 31, 1942, and the balance sheet as of Dec. 31, 1942, follows:

SUMMARY OF INCOME AND EARNED SURPLUS

For the Year Ended Dec. 31, 1942

Income:		
Profits (less losses) from trading in securities on own account and in joint accounts, and as participant in underwriting groups (determined on basis of cost)	$2,045,948.41	
Interest and discount earned, and dividends received	731,779.71	
Commissions, service charges, and misc. income	234,073.36	
Total		$3,011,801.48
Expenses:		
General expenses	$2,294,962.77	
Interest on bank loans, etc.	243,761.13	
Taxes (incl. provisions for Federal and State taxes)	279,124.02	
Depreciation of furniture and fixtures	11,537.84	
Total		2,829,385.76
Net operating profit for the year		$182,415.72
Add—Security depreciation adjustment (see Note)		308,840.56
Net income for the year		$491,256.28
Earned surplus, Jan. 1, 1942		1,969,494.29
Earned surplus before charging dividend		$2,460,750.57
Less dividend paid Jan. 31, 1942—$0.30 a share		150,000.00
Earned surplus, Dec. 31, 1942		$2,310,750.57

NOTE—This adjustment represents a reversal of provision for security depreciation, which was charged against income in prior years, and is an amount equal to the security depreciation at Dec. 31, 1941 (see balance sheet Note with respect to quoted market valuation of securities at Dec. 31, 1942).

BALANCE SHEET—DEC. 31, 1942

Assets—		
Cash		$5,551,764.42
Cash pledged against securities borrowed		90,815.00
U. S. Govt. obligations—direct and fully guaranteed		76,901,933.01
Other securities, bonds, and stocks		6,758,810.35
Securities carried in joint trading accounts		2,500,127.97
Securities sold not yet delivered—at selling price		21,254,995.68
Good faith deposits		33,192.00
Miscellaneous accounts receivable and accrued interest		213,868.36
Furniture and fixtures—less depreciation		32,226.09
Tax stamps		15,325.00
Deferred items		21,147.38
Total		$113,374,205.25
Liabilities—		
Collateral loans payable		$78,055,698.78
Deposits on securities loaned		8,200.00
Securities sold not yet purchased		6,712,851.68
Securities purchased not yet received—at purchase price		16,495,553.91
Accrued Federal, State, and City taxes		163,546.28
Due customers		574,049.36
Miscellaneous accounts payable and accrued expenses		190,229.47
Reserves for miscellaneous items		63,325.20
Reserve for contingencies		300,000.00
Capital stock and surplus:		
Capital stk (auth. & iss., 500,000 shrs. of $10 each)	$5,000,000.00	
Paid-in surplus	4,000,000.00	
Earned surplus	2,310,750.57	
Total	$11,310,750.57	
Less—50,000 shrs. of cap. stk. in treasury—at cost	500,000.00	10,810,750.57
Total		$113,374,205.25

NOTES—Securities owned and securities sold not yet purchased are stated at cost and sales prices, respectively. Exclusive of certain investment securities which are closely held and not quoted on the market (stated at $1,895,999.72), the quoted market valuation of securities owned and securities sold not yet purchased is $37,125.69 in excess of the aggregate stated value thereof; the investment securities, which are stated at $1,895,999.72 and not quoted on the market, includes securities of The Virginian Corporation stated at $1,649,982.00 which are represented by $1,500,000 par value of Class A preferred stock, $189,000 par value of Class B preferred stock, and 3,750 shares of common stock (dividends have been received regularly since acquisition of these stocks—in cash, at 6%, on both classes of preferred stocks, and in cash and/or Class B preferred stock on the common stock).

Securities having a quoted market valuation of $80,101,300 are pledged as collateral to loans payable; securities having a quoted market valuation of $6,681,500 are pledged as collateral against securities borrowed.

The corporation had contingent accounts as follows:

Commitments as a member of various groups to purchase securities	$886,130.00
Securities purchased on a "when issued" basis	227,500.90
Securities sold on a "when issued" basis	227,708.87

Daily Average Crude Oil Production For Week Ended Feb. 6, 1943 Increased 26,950 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Feb. 6, 1943 was 3,853,350 barrels, an increase of 26,950 barrels over the preceding week. The current figure, however, was 483,550 barrels per day less than during the corresponding period last year, and was 308,950 barrels below the daily average figure for the month of February, 1943 as recommended by the Petroleum Administration for War. Daily production for the four weeks ended Feb. 6, 1943 averaged 3,844,600 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,692,000 barrels of crude oil daily and produced 10,479,000 barrels of gasoline; 4,220,000 barrels of distillate fuel oil, and 7,690,000 barrels of residual fuel oil during the week ended Feb. 6, 1943; and had in storage at the end of that week 90,253,000 barrels of gasoline; 35,503,000 barrels of distillate fuels and 71,095,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

			—Actual Production—			
	*P.A.W. Recommendations February	*State Allowables Beginning Feb. 1	Week Ended Feb. 6 1943	Change From Previous Week	4 Weeks Ended Feb. 6 1943	Week Ended Feb. 7 1942
Oklahoma	395,300	395,300	†349,500	+ 1,750	347,800	408,200
Kansas	310,500	310,500	†305,700	+ 13,900	301,400	246,700
Nebraska	3,000	------	†2,350	----	2,450	5,100
Panhandle Texas			88,900	+ 500	88,500	92,550
North Texas			135,350	— 1,350	136,250	148,200
West Texas			201,100	----	200,900	353,400
East Central Texas			100,000	— 1,600	101,200	95,750
East Texas			325,100	— 2,500	327,000	439,100
Southwest Texas			166,800	+ 100	166,600	255,200
Coastal Texas			320,000	+ 11,200	311,500	344,200
Total Texas	1,452,000	‡1,452,714	1,337,250	+ 6,350	1,331,950	1,731,400
North Louisiana			91,500	— 350	91,600	80,700
Coastal Louisiana			246,550	— 1,150	247,250	283,850
Total Louisiana	349,800	362,300	338,050	— 1,500	338,850	364,550
Arkansas	78,700	74,826	75,850	+ 950	75,250	74,600
Mississippi	50,000		†54,350	— 950	56,450	83,550
Illinois	272,200		238,500	+ 8,950	234,100	370,500
Indiana	17,200		†18,350	+ 1,750	15,950	20,900
Eastern (not incl. Ill. & Ind.)	114,600		89,100	— 5,400	91,100	90,350
Michigan	63,700		56,700	— 4,100	59,700	53,200
Wyoming	94,100		86,500	— 3,450	87,550	89,400
Montana	24,700		21,400	— 900	22,200	20,750
Colorado	7,000		7,050	+ 700	6,650	6,650
New Mexico	105,800	105,800	98,300	----	98,250	120,700
Total east of Calif.	3,338,600		3,078,950	+ 18,050	3,069,650	3,686,550
California	823,700	§823,700	774,400	+ 8,900	774,950	650,350
Total United States	4,162,300		3,853,350	+ 26,950	3,844,600	4,336,900

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in November, 1942, as follows: Oklahoma, 29,900; Kansas, 5,800; Texas, 106,300; Louisiana, 20,800; Arkansas, 3,000; Illinois, 10,300; Eastern (not including Illinois and Indiana), 11,500; Michigan, 100; Wyoming, 2,600; Montana, 300; New Mexico, 5,800; California, 42,100.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Jan. 27.

‡This is the net basic allowable as of Feb. 1 calculated on a 28-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 13 days, the entire state was ordered shut down for 10 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent of 10 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED FEB. 6, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

			Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—					
District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.2	1,650	67.5	4,689	39.277	16,871	¶10,680
Appalachian	177	84.8	152	85.9	416	3,015	668	590
Ind., Ill., Ky.	811	85.0	731	90.1	2,380	18,590	4,479	2,634
Okla., Kansas, Mo.	416	80.1	353	84.9	1,068	7,320	1,511	1,387
Rocky Mountain	147	48.0	86	58.5	303	1,886	371	522
California	817	89.9	720	88.1	1,623	20,165	11,603	55,282
Tot. U. S. B. of M. basis Feb. 6, 1943	4,812	85.9	3,692	76.7	10,479	†90,253	35,503	71,095
Tot. U. S. B. of M. basis Jan. 30, 1943	4,806	85.9	3,698	76.9	10,339	88,830	37,057	70,763
U. S. Bur. of Mines basis Feb. 7, 1942			3,845		12,877	103,173	40,220	89,555

*At the request of the Petroleum Administration for War. †Finished, 80,169,000 barrels; unfinished, 10,084,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 4,220,000 barrels of gas oil and distillate fuel and 7,690,000 barrels of residual fuel oil produced during the week ended Feb. 6, 1943, which compares with 3,888,000 barrels and 7,452,000 barrels, respectively, in the preceding week, and 3,801,000 barrels and 6,789,000 barrels, respectively, in the week ended Feb. 7, 1942. ¶Includes approximately 125,000 barrels not previously reported.

Steady Flow Of New Capital Necessary To Perpetuation Of Private Enterprise

The perpetuation of our economic system is dependent upon a constant flow of fresh capital, for without the accumulation of this fund whereby producers' goods—tools, machinery, buildings, transportation, and storage facilities—are created, mankind would still be in a primitive stage, eking out a precarious living from day to day, the victim of a capricious nature, says the First National Bank of Boston in its current "New England Letter." Continuing, the bank says:

"The real source of this fund is savings, which are an excess of production over consumption and are used in large measure to finance modern facilities that lower costs, broaden markets, and create jobs. Any increase in productivity by means of new inventions, modern equipment, improved management, and greater efficiency of labor contributes toward the growth of savings. Inasmuch as savings involve waiting, and the postponement of consumption, confidence in the future is necessary in order that individuals may practice thrift and businessmen be willing to assume the risk of directing their investments into productive channels.

"The chief source of capital savings in this country over the decades has been surplus earnings ploughed back into business. Most of the remainder has come from the savings of the well-to-do. The amount of new capital invested has constituted but 5% of our national income. But the investment of this relatively small fund has been largely responsible for our unparalleled progress in the last 150 years, during which period per capita income about doubled every 35 years. Labor has shared handsomely in this progress. During the past five decades the trend of real wages has corresponded very closely to increased productivity. In the long run this must be so, for under a system of mass production there must be a steady flow of consumer income to absorb the output of the factories."

Congratulates Stalin On Stalingrad Victory

President Roosevelt on Feb. 4 sent a congratulatory message to Premier Joseph Stalin of Soviet Russia on the "brilliant victory" achieved by the Russian Army at Stalingrad.

The President's message, addressed to the supreme commander of the armed forces of the Union of Soviet Socialist Republics, follows:

"As Commander in Chief of the armed forces of the United States of America, I congratulate you on the brilliant victory at Stalingrad of the armies under your supreme command. The 162 days of epic battle for the city which has forever honored your name and the decisive result, which all Americans are celebrating today, will remain one of the proudest chapters in this war of the peoples united against nazism and its emulators.

"The commanders and fighters of your armies at the front and the men and women who have supported them in factory and field have combined not only to cover with glory their country's arms but to inspire by their example fresh determination among all the United Nations to bend every energy to bring about the final defeat and unconditional surrender of the common enemy."

In reply, Premier Stalin on Feb. 5 expressed the "conviction that joint military operations of the United States, Great Britain and the U. S. S. R. in the near future will bring about victory over our common enemy." The message, recorded in London by the British news agency, Reuters, said, according to the Associated Press:

"To Franklin Roosevelt, Commander-in-Chief of the armed forces of the U. S. A.:

"I thank you for your congratulations in connection with the victory of the Soviet forces at Stalingrad.

"I express my conviction that joint military operations of the armed forces of the U. S. A., Great Britain and the U. S. S. R. in the near future will bring about victory over our common enemy.

"STALIN."

Stalin Receives Note On African Parley

A joint note from President Roosevelt and Prime Minister Churchill was handed to Premier Stalin at the Kremlin in Moscow on Jan. 27 by Admiral William H. Standley, U. S. Ambassador to Soviet Russia, and W. Lacy Boggallay, British Charge d'Affaires. The contents of the note were not revealed but it is believed they related to military plans.

Premier Stalin had been invited to meet with Mr. Roosevelt and Mr. Churchill at their Casablanca conference but as indicated in the communique regarding the meeting (given in our Jan. 28 issue, page 370) was unable to leave Russia because of his direction of the Russian offensive. However, he had been "fully informed of the military proposals," according to the official communique from North Africa.

Statutory Debt Limitation As Of Jan. 31, 1943

The Treasury Department made public on Feb. 5 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on Jan. 31, 1943, totaled $113,814,381,604, thus leaving the face amount of obligations which may be issued subject to the $125,000,000,000 statutory debt limitation at $11,185,618,396. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($113,814,381,604) should be deducted $3,696,483,649 (the unearned discount on savings bonds), reducing the total to $110,117,897,955. However, to this latter figure should be added $951,426,439 (other public debt obligations outstanding but not subject to the statutory limitation). Thus the total gross public debt outstanding as of Jan. 31, 1943 was $111,069,324,394.

The following is the Treasury's report for Jan. 31:

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $125,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of Jan. 31, 1943:			
Interest-bearing:			
Bonds—			
Treasury	$49,273,473,150		
*Savings (maturity value)	19,942,606,000		
Depositary	136,863,000		
Adjusted service	724,179,607		
		$70,077,121,757	
Treasury notes	21,638,640,950		
Certificates of indebtedness	14,386,044,000		
Treasury bills (maturity value)	7,422,689,000		
		43,447,373,950	
		113,524,495,707	
Matured obligations, on which interest has ceased		64,984,650	
Bearing no interest (U. S. War Savings stamps)		224,901,247	
			113,814,381,604
Face amount of obligations issuable under above authority			$11,185,618,396

RECONCILEMENT WITH STATEMENT OF THE PUBLIC DEBT
(On the basis of Daily Treasury Statements)
JAN. 31, 1943

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$113,814,381,604
Deduct unearned discount on Savings bonds (difference between maturity value and current redemption value)		3,696,483,649
		110,117,897,955
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (Pre-War, etc.)	195,960,420	
Matured obligations on which interest has ceased	10,303,595	
Bearing no interest	745,162,424	
		951,426,439
Total gross public debt outstanding Jan. 31, 1943		$111,069,324,394

*Approximate maturity value. Principal amount (current redemption value) according to statements of the public debt on the basis of Daily Treasury Statements $16,246,122,351.

Finished Steel Shipments By Subsidiaries Of U. S. Steel Corporation Declined In January

Shipments of finished steel products by subsidiary companies of the United States Steel Corporation for the month of January, 1943, amounted to 1,685,993 net tons, compared with 1,849,635 net tons in the preceding month, a decrease of 163,642 net tons, and with 1,738,893 net tons in the corresponding month in 1942, a decrease of 52,900 net tons. The decrease in January, 1943, shipments was due in part to the shorter work month, having only 25 work days, as against 27 days in December and 26 days in January, last year.

January shipments were the second highest for that particular month in the history of the Corporation.

In the table below we list the figures by months for various periods since January, 1929:

	1943	1942	1941	1940	1939	1929
January	1,685,993	1,738,893	1,682,454	1,145,592	870,866	1,364,801
February	------	1,616,587	1,548,451	1,009,256	747,427	1,388,407
March	------	1,780,938	1,720,366	931,905	845,108	1,605,510
April	------	1,758,894	1,687,674	907,904	771,752	1,617,302
May	------	1,834,127	1,745,295	1,084,057	795,689	1,701,874
June	------	1,774,068	1,668,637	1,209,684	607,562	1,529,241
July	------	1,765,749	1,666,667	1,296,887	745,364	1,480,008
August	------	1,788,650	1,753,665	1,455,604	885,636	1,500,281
September	------	1,703,570	1,664,227	1,392,838	1,086,683	1,262,874
October	------	1,787,501	1,851,279	1,572,408	1,345,855	1,333,385
November	------	1,665,545	1,624,186	1,425,352	1,406,205	1,110,050
December	------	1,849,635	1,846,036	1,544,623	1,443,969	931,744
Total by mos.	------	21,064,157	20,458,937	14,976,110	11,752,116	16,825,477
Yearly adjust.	------	------	*42,333	37,639	*44,865	*12,827
Total	------	------	20,416,604	15,013,749	11,707,251	16,812,650

*Decrease.

NOTE—The monthly shipments as currently reported during the year 1942, are subject to adjustments reflecting annual tonnage reconciliations. These will be comprehended in the cumulative yearly shipments as stated in the annual report.

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on Feb. 10 that reports received by the bank from commercial paper dealers show a total of $220,400,000 of open market paper outstanding on Jan. 30. This was the eleventh successive monthly decline. The total outstanding for Dec. 31, 1942 was $229,900,000 and for Jan. 31, 1942, $380,600,000.

Following are the totals for the last two years:

	$
1943—	
Jan. 30	380,600,000
1942—	
Dec. 31	229,900,000
Nov. 30	260,600,000
Oct. 31	271,400,000
Sept. 30	281,800,000
Aug. 31	297,200,000
July 31	305,300,000
June 30	315,200,000
May 29	354,200,000
Apr. 30	373,100,000
Mar. 31	384,300,000
Feb. 28	388,400,000
Jan. 31	380,600,000

	$
1941—	
Dec. 31	374,500,000
Nov. 29	387,100,000
Oct. 31	377,700,000
Sept. 30	370,500,000
Aug. 30	353,900,000
July 31	329,900,000
June 30	299,000,000
May 31	295,000,000
Apr. 30	274,600,000
Mar. 31	263,300,000
Feb. 28	240,700,000
Jan. 31	232,400,000

Trading On New York Exchanges

The Securities and Exchange Commission made public Feb. 12 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 30, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 30 (in round-lot transactions) totaled 2,064,060 shares, which amount was 16.86% of total transactions on the Exchange of 6,122,290 shares. This compares with member trading during the week ended Jan. 23 of 1,328,075 shares, or 15.69% of total trading of 4,232,170 shares. On the New York Curb Exchange, member trading during the week ended Jan. 30 amounted to 336,260 shares, or 14.93% of the total volume of that Exchange of 1,126,375 shares; during the Jan. 23 week trading for the account of Curb members of 318,260 shares was 19.07% of total trading of 834,550 shares.

The Commission made available the following data for the week ended Jan. 30:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	946	649
1. Reports showing transactions as specialists	174	91
2. Reports showing other transactions initiated on the floor	181	28
3. Reports showing other transactions initiated off the floor	229	92
4. Reports showing no transactions	468	507

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JANUARY 30, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	133,050	
‡Other sales	5,989,240	
Total sales	6,122,290	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	497,880	
Short sales	56,180	
‡Other sales	397,960	
Total sales	454,140	7.78
2. Other transactions initiated on the floor—		
Total purchases	376,800	
Short sales	19,150	
‡Other sales	289,810	
Total sales	308,960	5.60
3. Other transactions initiated off the floor—		
Total purchases	240,635	
Short sales	26,100	
‡Other sales	159,545	
Total sales	185,645	3.48
4. Total—		
Total purchases	1,115,315	
Short sales	101,430	
‡Other sales	847,315	
Total sales	948,745	16.86

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JANUARY 30, 1943

	Total for week	†Per cent
A. Total Round-Lot Sales:		
Short sales	6,885	
‡Other sales	1,119,490	
Total sales	1,126,375	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	101,885	
Short sales	6,560	
‡Other sales	90,790	
Total sales	97,350	8.85
2. Other transactions initiated on the floor—		
Total purchases	34,535	
Short sales	0	
‡Other sales	31,455	
Total sales	31,455	2.93
3. Other transactions initiated off the floor—		
Total purchases	34,125	
Short sales	0	
‡Other sales	36,910	
Total sales	36,910	3.15
4. Total—		
Total purchases	170,545	
Short sales	6,560	
‡Other sales	159,155	
Total sales	165,715	14.93
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	29,747	
Total purchases	29,747	
Total sales	22,607	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Feb. 12 a summary for the week ended Feb. 6 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Feb. 6, 1943

	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of Orders	18,842
Number of Shares	523,004
Dollar Value	17,461,478
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	140
*Customers' other sales	16,266
Customers' total sales	16,406
Number of Shares:	
Customers' short sales	4,189
*Customers' other sales	430,894
Customers' total sales	435,083
Dollar value	12,837,066
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	120
†Other sales	92,050
Total sales	92,170
Round-lot Purchases by Dealers—	
Number of Shares	161,070

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Mullenix Urges Renters to Resist Rising Prop. Taxes

If the 55% of the American families who rent their homes and apartments got an itemized monthly bill broken down to show that as much as a third or fourth of it goes for taxes, they could be shaken from their indifferent attitude toward the property tax, the one that affects them closest home, according to Charles A. Mullenix, President of the Mortgage Bankers Association of America.

"An itemized bill might not be such a bad idea either, particularly now when everyone is becoming accustomed to ceiling prices for most of the things they buy and sell," Mr. Mullenix stated, adding that "there is no ceiling on local real estate taxes and there never will be one if we wait for those who collect and spend the taxes to set up one."

The wartime trend in real estate taxation will be renewed at the Association's second 1943 "War and Post-War Clinic" in Chicago, Feb. 26 and 27, Mr. Mullenix said.

Six months ago the Association warned that the 45% of the nation's families who own and occupy their own homes or flats, should prepare now to resist possible attempts to increase real estate taxes during the next two years. Since then, Mr. Mullenix said, it has become apparent that the threat is growing. In one large city the 1942 tax rate will probably be set at an all-time high of $10.55 for each $100 of assessed value and similar cases are being reported from other parts of the country. In his remarks Mr. Mullenix also stated:

"The man who pays $30 a month rent often pays about $20 rent and $10 taxes. A business firm paying $400 monthly rent often pays $300 rent and $100 taxes. It is probably going to take some dramatic unorthodox device to make renters understand that they have most to gain in holding real estate taxes down and help call a halt to the trend toward shifting every new municipal burden on real property."

Revenue Freight Car Loadings During Week Ended Feb. 6, 1943 Amounted to 755,386 Cars

Loading of revenue freight for the week ended Feb. 6, 1943, totaled 755,386 cars, the Association of American Railroads announced on Feb. 12, 1943. This was a decrease below the corresponding week of 1942, of 28,576 cars or 3.7%, but an increase above the same week in 1941, of 45,190 cars or 6.4%.

Loading of revenue freight for the week of Feb. 6, increased 20,804 cars or 2.8% above the preceding week.

Miscellaneous freight loading totaled 357,593 cars, an increase of 7,050 cars above the preceding week, and an increase of 4,746 cars above the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 91,477 cars, an increase of 2,892 cars above the preceding week, but a decrease of 60,241 cars below the corresponding week in 1942.

Coal loading amounted to 174,184 cars, an increase of 4,354 cars above the preceding week, and an increase of 21,132 cars above the corresponding week in 1942.

Grain and grain products loading totaled 52,024 cars, an increase of 2,072 cars above the preceding week, and an increase of 10,707 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Feb. 6, totaled 35,542 cars, an increase of 1,914 cars above the preceding week and an increase of 7,676 cars above the corresponding week in 1942.

Live stock loading amounted to 12,681 cars, a decrease of 641 cars below the preceding week, but an increase of 2,267 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Feb. 6, totaled 9,142 cars, a decrease of 527 cars below the preceding week, but an increase of 1,538 cars above the corresponding week in 1942.

Forest products loading totaled 37,241 cars, an increase of 4,624 cars above the preceding week but a decrease of 9,905 cars below the corresponding week in 1942.

Ore loading amounted to 15,309 cars, an increase of 769 cars above the preceding week and an increase of 1,904 cars above the corresponding week in 1942.

Coke loading amounted to 14,877 cars, a decrease of 316 cars below the preceding week, but an increase of 814 cars above the corresponding week in 1942.

All districts reported decreases compared with the corresponding week in 1942, except the Pocahontas and Southwestern, but all districts reported increases above the corresponding week in 1941 except the Eastern and Northwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
Week of Feb. 6	755,386	783,962	710,19
Total	4,286,235	4,642,441	4,164,605

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 6, 1943. During this period only 48 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED FEB. 6

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	249	638	548	1,200	1,485
Bangor & Aroostock	2,321	2,005	1,926	162	256
Boston & Maine	5,754	7,970	7,817	15,343	14,261
Chicago, Indianapolis & Louisville	1,329	1,346	1,240	2,018	2,359
Central Indiana	53	33	11	70	50
Central Vermont	911	1,325	1,293	2,027	2,221
Delaware & Hudson	6,399	6,494	5,789	11,579	11,162
Delaware, Lackawanna & Western	7,799	9,193	9,199	12,033	9,122
Detroit & Mackinac	225	282	248	104	140
Detroit, Toledo & Ironton	1,846	2,352	3,079	1,948	1,733
Detroit & Toledo Shore Line	317	305	375	3,559	3,794
Erie	12,540	14,433	13,562	18,319	16,077
Grand Trunk Western	3,667	4,842	5,800	9,183	8,727
Lehigh & Hudson River	161	213	162	2,922	3,152
Lehigh & New England	1,922	1,686	1,687	1,629	1,539
Lehigh Valley	7,870	9,113	9,129	11,215	9,938
Maine Central	2,340	3,598	3,331	4,062	3,674
Monongahela	6,035	6,069	4,891	332	470
Montour	2,587	1,885	2,009	39	49
New York Central Lines	45,033	45,615	44,150	57,095	49,546
N. Y., N. H. & Hartford	9,040	12,427	10,941	18,355	17,028
New York, Ontario & Western	918	1,128	1,076	2,550	2,255
New York, Chicago & St. Louis	7,078	6,866	5,070	15,357	14,089
N. Y., Susquehanna & Western	392	540	453	1,525	1,471
Pittsburgh & Lake Erie	7,283	7,351	7,710	8,030	7,238
Pere Marquette	4,454	5,336	6,185	7,867	6,476
Pittsburg & Shawmut	712	562	515	3	47
Pittsburg, Shawmut & North	305	414	421	293	311
Pittsburgh & West Virginia	942	747	733	3,854	2,257
Rutland	285	516	587	1,070	1,027
Wabash	5,807	6,013	5,650	13,012	11,804
Wheeling & Lake Erie	4,626	4,388	4,311	6,190	4,101
Total	151,200	165,685	159,898	232,975	207,859
Allegheny District—					
Akron, Canton & Youngstown	745	705	588	1,233	1,034
Baltimore & Ohio	37,228	39,184	34,170	27,736	23,105
Bessemer & Lake Erie	3,322	3,303	3,261	1,849	1,360
Buffalo Creek & Gauley	252	320	273	4	5
Cambria & Indiana	1,919	1,856	1,837	5	12
Central R. R. of New Jersey	6,413	7,486	6,970	20,705	16,859
Cornwall	445	604	615	39	74
Cumberland & Pennsylvania	261	308	340	16	29
Ligonier Valley	128	125	158	56	59
Long Island	987	800	634	3,300	3,247
Penn-Reading Seashore Lines	1,480	1,754	1,304	2,723	1,956
Pennsylvania System	72,656	77,366	69,706	58,954	55,533
Reading Co.	14,096	16,003	16,143	30,052	26,152
Union (Pittsburgh)	20,616	18,946	19,694	4,728	3,868
Western Maryland	3,702	4,010	3,637	13,960	10,495
Total	164,250	172,770	159,330	165,360	143,788
Pocahontas District—					
Chesapeake & Ohio	26,148	23,278	22,602	11,179	10,045
Norfolk & Western	20,911	20,073	21,416	7,430	6,384
Virginian	4,815	4,351	4,397	2,474	2,124
Total	51,874	47,702	48,415	21,083	18,553
Southern District—					
Alabama, Tennessee & Northern	389	381	285	394	334
Atl. & W. P.—W. R. R. of Ala.	754	899	810	2,840	2,285
Atlanta, Birmingham & Coast	638	799	709	1,496	1,153
Atlantic Coast Line	14,948	12,927	10,988	11,316	8,260
Central of Georgia	4,060	4,520	4,174	4,395	4,365
Charleston & Western Carolina	433	444	436	1,685	1,712
Clinchfield	1,620	1,693	1,557	2,978	2,904
Columbus & Greenville	365	252	258	229	286
Durham & Southern	89	179	162	337	557
Florida East Coast	3,131	1,354	998	1,510	1,213
Gainesville Midland	37	39	36	106	126
Georgia	1,602	1,460	1,068	2,991	2,595
Georgia & Florida	400	449	321	529	692
Gulf, Mobile & Ohio	3,621	4,441	3,387	5,307	3,754
Illinois Central System	25,604	28,768	21,639	15,746	15,053
Louisville & Nashville	25,053	24,582	23,309	11,289	8,845
Macon, Dublin & Savannah	179	190	120	948	813
Mississippi Central	249	168	148	500	625
Nashville, Chattanooga & St. L.	3,301	3,234	3,131	5,110	3,733
Norfolk Southern	1,197	1,289	1,162	1,685	1,383
Piedmont Northern	352	531	464	1,200	1,548
Richmond, Fred. & Potomac	323	458	359	9,048	[illegible]
Seaboard Air Line	10,546	10,686	10,160	8,987	8,109
Southern System	21,191	24,410	23,346	24,855	21,954
Tennessee Central	475	581	522	931	840
Winston-Salem Southbound	108	126	139	979	1,007
Total	120,715	124,865	109,688	117,991	103,290
Northwestern District—					
Chicago & North Western	14,397	18,364	15,067	13,044	14,044
Chicago Great Western	2,475	2,751	2,278	3,520	3,569
Chicago, Milw., St. P. & Pac.	19,399	22,414	19,925	10,957	10,040
Chicago, St. Paul, Minn. & Omaha	3,799	4,903	3,873	3,640	4,373
Duluth, Missabe & Iron Range	1,380	1,203	927	311	429
Duluth, South Shore & Atlantic	657	731	560	493	600
Elgin, Joliet & Eastern	8,830	9,786	9,808	10,698	10,405
Ft. Dodge, Des Moines & South	329	509	423	114	137
Great Northern	10,224	11,643	9,336	4,323	4,44
Green Bay & Western	443	597	570	624	83
Lake Superior & Ishpeming	245	335	218	73	72
Minneapolis & St. Louis	1,935	2,410	1,518	2,259	2,563
Minn., St. Paul & S. S. M.	4,834	5,696	4,959	3,486	3,602
Northern Pacific	8,876	10,436	9,233	4,553	4,349
Spokane International	39	102	71	304	390
Spokane, Portland & Seattle	1,480	2,605	1,799	2,504	2,617
Total	79,342	94,690	80,565	60,903	62,474
Central Western District—					
Atch., Top. & Santa Fe System	20,834	22,225	17,770	12,067	9,410
Alton	3,039	3,349	3,095	4,428	3,281
Bingham & Garfield	490	472	477	104	96
Chicago, Burlington & Quincy	18,822	17,375	15,194	12,288	11,213
Chicago & Illinois Midland	2,773	2,993	2,670	851	860
Chicago, Rock Island & Pacific	11,605	12,031	10,463	13,677	12,024
Chicago & Eastern Illinois	2,291	2,794	2,535	5,440	3,183
Colorado & Southern	716	762	720	1,799	1,537
Denver & Rio Grande Western	*3,684	2,916	2,654	*4,799	4,63
Denver & Salt Lake	852	638	493	7	7
Fort Worth & Denver City	995	1,187	919	1,057	1,235
Illinois Terminal	1,622	1,916	1,633	1,629	1,494
Missouri-Illinois	861	1,173	792	513	48
Nevada Northern	2,021	1,915	1,913	127	137
North Western Pacific	577	722	638	633	35
Peoria & Pekin Union	24	12	20	0	0
Southern Pacific (Pacific)	25,981	25,850	23,797	12,278	9,270
Toledo, Peoria & Western	297	213	304	1,659	928
Union Pacific System	13,866	15,261	13,400	14,028	11,67
Utah	593	562	412	1	6
Western Pacific	2,282	1,857	1,733	3,417	3,026
Total	114,235	116,223	101,665	90,802	74,84
Southwestern District—					
Burlington-Rock Island	888	175	133	141	291
Gulf Coast Lines	6,781	4,896	3,130	2,414	2,902
International-Great Northern	3,204	2,264	1,496	3,684	2,804
Kansas, Oklahoma & Gulf	350	344	165	910	1,10
Kansas City Southern	5,325	3,269	2,314	2,737	2,632
Louisiana & Arkansas	3,477	2,441	2,017	2,264	2,349
Litchfield & Madison	320	409	351	1,034	1,231
Midland Valley	653	540	594	270	242
Missouri & Arkansas	144	210	148	368	493
Missouri-Kansas-Texas Lines	6,435	5,041	3,971	6,738	4,673
Missouri Pacific	16,828	17,385	15,149	19,413	13,865
Quanah Acme & Pacific	112	154	95	199	22
St. Louis-San Francisco	8,933	8,705	7,619	8,346	7,285
St. Louis Southwestern	3,051	3,660	2,436	6,059	4,744
Texas & New Orleans	12,860	8,183	7,061	5,310	5,352
Texas & Pacific	4,294	4,195	3,829	7,238	6,954
Wichita Falls & Southern	95	136	117	23	37
Weatherford M. W. & N. W.	20	20	10	59	21
Total	73,770	62,027	50,635	67,207	57,207

*Previous week's figures.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1942—Week Ended—					
Nov 7	157,919	138,492	291,780	84	85
Nov. 14	147,815	137,355	301,088	83	85
Nov. 21	146,335	133,188	310,439	83	85
Nov. 28	136,655	124,461	321,885	77	85
Dec 5	150,132	130,761	340,203	82	85
Dec. 12	151,085	137,856	350,011	84	85
Dec. 19	136,363	134,383	350,012	85	85
Dec. 26	118,063	113,600	352,854	72	84
1943—Week Ended—					
Jan. 2	126,844	97,386	379,573	62	84
Jan. 9	134,982	129,365	381,713	82	82
Jan. 16	157,251	137,055	397,437	88	85
Jan. 23	143,028	140,849	398,594	88	86
Jan. 30	152,358	136,645	413,084	88	86
Feb. 6	169,417	140,836	439,304	89	87

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

From Washington

(Continued from first page)

place. Why should there be the attempt to run every phase of American life from a bureau here in Washington? Why should there be the attempt to control the whole American economy through the regulations of a Washington bureau?

The situation isn't going to be changed by the fact that more popular administrators are being placed in the saddle. Bureaucracy can't be made comfortable and in my humble opinion, it can't be made workable in this country.

But it is unquestionably the fact that a very definite move is now afoot to popularize bureaucracy. Prentiss Brown intends to do it through loading up his OPA with politicians. We reported last week a couple or so of lame ducks whom he was taking onto his payroll. The number is growing by leaps and bounds. And it seems to be a fact that he intends to get rid of the so-called long-haired fellows, namely Dave Ginsburg, the general counsel, for whom Leon Henderson sought and got a draft deferment on the grounds that he was essential to prevent inflation. It is my definite conviction, too, that politicians, or lame ducks, in the bureaus, will make them more responsive to the people and therefore, put some common sense into a lot of the regulations. It may be that under the circumstances, it is necessary to go about it in this indirect way to get at the thwarting of the war effort which bureaucracy has brought about. A much quicker way would be simply to clean out the bureaucracy.

For example, unless we rip out the structure we are bound to have such a situation as we now have in the War Production Board. Believe it or not, but two hard-boiled business men over there have done things which is about to make the Dies Committee scream. Charles E. Wilson has moved into his high councils two decidedly pinkish-hued fellows, namely Walter Reuther and Mordecai Ezekiel. Reuther is to be remembered as the fellow who absorbed Communism in the universities of the Soviet, who sold the Administration on the $25,000 salary limitation project, who has done his part to keep the automobile industry in a turmoil ever since he got back from Russia about the time of the advent of the New Deal. Walter now has a simple little plan — he's a youngish, aggressive fellow who is determined to make his mark in the world—whereby industry and the Government together would guarantee the worker a certain weekly wage; Walter having in mind, if he has his way, that industry and Government will soon be one and the same; permanently as it is now in war time. Ezekiel has been a subordinate economist in the Department of Agriculture for years, even back in the Hoover days. But no one worried about what a subordinate economist thought in those days. With the New Deal giving an expression to these fellows, accepting them into its policy formulation councils, Mordecai came to express himself more and more radically. But he had been pretty well suppressed until Industrialist Wilson lifts him up again.

Ferdinand Eberstadt, a rival of Wilson's and apparently thinking he needed to be surrounded by the same sort of talent, had Dr. Melvin De Chazeau, who was the hot shot attacker of the Steel industry before the Senate Monopoly Committee back in 1938. Is there any wonder that the WPB was divided between the Wilson and Eberstadt factions?

Items About Banks, Trust Companies

Harry E. Ward, Chairman of the Board of Irving Trust Company of New York, announces the election of Donald B. Vail as a Vice-President of the company. As an executive in the banking department he will be identified with the extensive financing of war industries in which the company has taken part, as well as with other loaning activities. In the past he has participated in this work in his former capacity of Assistant Resident Counsel. Mr. Vail is a graduate of Cornell University and Harvard Law School. During the first World War he was a Naval aviator. Following his graduation from Harvard in 1921 he began his practice of law with the firm of Breed, Abbott & Morgan and later was associated with Baldwin, Hutchins & Todd, predecessor to the present firm of Baldwin, Todd & Young. He became associated with the Irving Trust Company in 1933.

Arthur S. Kleeman, President of the Colonial Trust Company of New York, announced on Feb. 10 the promotion of Walter J. Klaum to Manager, Personal Checking Department.

John H. Meyerholz, Vice-President of Manufacturers Trust Company of New York, died on Feb. 10 at his home in Crestwood, N. Y., after an illness of some months. He was 69 years old and had been with the bank for 48 years. Mr. Meyerholz, a native of New York City, began his banking career in 1894 with the former West Side Bank, at Eighth Avenue corner 34th Street, New York. In 1914, he was elected an Assistant Cashier of that institution. Four years later, this bank was merged into Manufacturers Trust Co. and became known as the West Side office of the latter bank. Mr. Meyerholz continued as an officer of Manufacturers Trust Co. and following the merger, he was elected an Assistant Secretary. Three years later, he was promoted to Assistant Vice-President, and in 1929, he was elected Vice-President. His entire banking career was spent in the West Side office.

Laurus E. Sutton, a former prominent Brooklyn (N. Y.) banker, died on Feb. 13 at his home in Suffern, N. Y. Mr. Sutton, it is noted in the Brooklyn "Daily Eagle," resigned in 1928 as Vice-President and Trustee of the Brooklyn Savings Bank after 41 years with that institution. He began his career with the bank as a clerk in 1887 and became Cashier in 1910. He became Controller in 1912 and Vice-President in 1926. He had been on the bank's Board of Trustees for eight years. Mr. Sutton, who at his death was 72 years of age, had served as President of the Bankers Club of Brooklyn in 1918, was also a leading figure in Group V. of the State Bankers Association and a Director of the Mechanics Bank of Brooklyn. He was head of the annual Red Cross drive in Brooklyn in 1929.

Edward F. Shanbacker, former President of several Philadelphia banking institutions, died on Feb. 11 at his home in New York City after a long illness. He was 73. Mr. Shanbacker was head of the former Fourth Street National Bank, and when that institution was merged with the Franklin National Bank he was chosen President of the combined organization. In 1928 the Philadelphia-Girard National Bank, and the Franklin National Bank merged, with Mr. Shanbacker becoming Chairman of the Executive Committee of the new institution, the Philadelphia National Bank. He held the post until his retirement in December, 1940.

Major John D. Ames, recently called into active service in the United States Army, resigned on Feb. 10 as President of the Industrial National Bank of Chicago. John S. Miller, general counsel of the bank, was elected President to fill the vacancy. Mr. Miller will continue his association with the law firm of Taylor, Miller, Busch & Boyden.

The directors of the bank declared the regular semi-annual dividend of $1 a share, payable 50¢ a share on March 15th to stock of record March 10th, and 50¢ a share on June 15th to stock of record June 10th.

25% Of 1943 Food To Armed Forces, Allies

Secretary of Agriculture Claude R. Wickard said on Jan. 27 that our armed forces and allies will need almost a quarter of the country's 1943 agricultural production and that amount will be divided equally between the two groups.

Mr. Wickard, in an address to the National Association of Wholesale Grocers at Chicago, said the needs of liberated countries probably will bring the special war requirements up to at least a full quarter of our total production.

"We must have food ready to follow our advancing armies," he said. "We cannot jeopardize their safety by leaving starving civilians behind their lines."

United Press Chicago advices further said:

Mr. Wickard estimated that military and Lend-Lease needs together took between 12% and 13% of last year's food production. Of this total 56% went to our own armed forces and 44% for our allies. About three-quarters of it went to Britain or other parts of the Empire and about a fifth to Russia.

"By the end of the year," Mr. Wickard said, "the trend of shipments to Russia took a sharp turn upward. In December, for the first time, the shipments to Russia were larger than the combined shipments to the United Kingdom and other British destinations."

Practically all the food we sent to Russia went to the Red Army, according to Mr. Wickard.

"I am proud to think that American food helped break the siege of Leningrad, helped hold Stalingrad, and helped crack the Nazi line in the Caucasus," he said.

Hays Named Chairman Of Newspaper Association

Chairman William H. Davis of the National War Labor Board, on Feb. 9 appointed Prof. Paul R. Hays of the Columbia University Law School as the impartial chairman of the Five-Man Adjustment Board established in the contract of the Publishers' Association of New York City and the Newspaper and Mail Deliverers Union of New York and vicinity. The contract between the association and union provided that the appointment of the impartial chairman should be made by the WLB Chairman in the event the parties were unable to agree on the selection. The Five-Man Board is the final step in grievance machinery in the contract. Chairman Davis was requested to make the selection following failure of the association and the union to agree on the impartial chairman.

Professor Hays is Professor of Contracts in the Columbia University Law School and has been a member of the New York State Mediation Board for some time.

The final award in the dispute was reported in our issue of Feb. 4, page 502.

Continued Threat Of Inflation Overshadows All Other Dangers, Says Headley Of ABA

The assertion that "overshadowing all other dangers just now is the continued threat of inflation," was made on Feb. 9 by Louis S. Headley, Vice-President of the First Trust Company of St. Paul State Bank, St. Paul, Minn., and President of the Trust Company Division of the American Bankers Association. Mr. Headley's remarks were made before the Wartime Conference on Trust Problems of the Association in New York on Feb. 9. As to inflation he went on to say:

"It masquerades under the guise of prosperity and is in the banquet hall before we know it. As the Office of War Information observes, we have been hearing cries of 'wolf' for so long that some have stopped paying attention. But in the fable the wolf eventually came. It is far from a dead wolf now. Its teeth are beginning to show. In the three years prior to August 1942, raw materials rose 67% in price, wholesale prices rose 32% and the cost of living increased by 19%. Most of this occurred after March 1941. Conditions are ripe for still greater increases. The war program is costing the Government $6,000,000,000 per month. The national debt is already in excess of $100,000,000,000 and will probably reach $140,000,000,000 by the end of the fiscal year in June. A large part of these current expenditures must necessarily be borrowed from the banks. The competition of this vast increase in spending power for a limited amount of consumer goods inevitably tends to sky-rocket prices. All the elements for a devastating flood are here. Many controls have been inaugurated. I need not recount them. In general, rationing limits the amount of goods which can be bought; price ceilings limit the amount which can be paid. Both, while arbitrary and artificial, have been reasonably effective. They deserve the loyal support of every trustee and individual anxious to maintain the intrinsic value of the dollar.

"These measures, however, are far from a complete protection. Prevention must start at the source. Increased spending power must be drained off before it reaches the hands of the spender, by a rigorous policy of taxation, and by compulsory saving. The tax bill in 1943 will exceed $25,000,000,000 or be approximately a third of national expenditures. It can probably be increased to 40% without dislocating our war effort. That should be the only limit in total amount.

"The source from which it comes is even more important. If ever there is justification for using the taxing power to accomplish an ulterior purpose it is here. Taxes should be levied not only to produce the vast amounts necessary to finance the war but in such ways as will tend to prevent inflation. Levies upon accumulated capital should be avoided. The estate tax has no effect to curb inflation. Its use in these times should be reduced and not extended. Corporations should not be taxed to a point which will curtail their productive capacity. Corporation taxes have little influence at present on consumer spending and are but slightly effective in curbing inflation. Taxes must be imposed where the new money is and where it is likely to be spent, and must be collected now. They must be withheld at the source on all incomes above a low minimum. This should be coupled with compulsory saving where voluntary saving fails to stop the flow of expendable funds. Such measures will not prove harmful but exceedingly helpful to the beneficiaries of present high wages for they will induce accumulations for later years and will give permanent value to the dollar which otherwise is certain to be lost."

Mr. Headley spoke under the caption "Trusteeship in 1943," and in part he also had the following to say:

"The trusteeship of Government must be administered solely for the benefit of the people. Self-dealing must not be tolerated. Power must be free from politics. It must never be used to perpetuate itself in office. There must be no favoritism among beneficiaries nor response to pressure groups. All elements in society must be given their just dues. There must be frequent accountings through popular elections. The resort to the court of public opinion must never be obstructed by the trustee or voluntarily surrendered by the beneficiary. Frequently co-trusteeship will prove desirable. Industry and Government acting together, as trustees, may be a valuable combination. Each will bring something which the other lacks. During the first World War Government assumed full control of the railroads with mediocre success and with a disastrous aftermath. This time management and Government as co-trustees are administering our railroad system with brilliant success. This type of control should be further explored. In times of national emergency, such as war, when unified authority and quick action are imperative the powers of the trustee must be greatly expanded; but they must be used only for the purposes of the trust, and they must be restored as soon as the need is over. Some powers, perhaps many powers, can always better be administered in trust; but the benefits must always flow back to the equitable owners, and the nature of the relationship must never be forgotten."

Public Recording Of Patent Agreements Recommended By NAM

Public recording of a wide variety of patent license agreements, particularly those of international character, is recommended by the National Association of Manufacturers. Such recording, NAM said, would facilitate Government investigation of the practices involved and tend to remove the suspicion which is often attached without justification to legal and beneficial patent agreements. Federal legislation would be required to carry out the proposal. The NAM recommendation said:

"We approve in principle the recording of agreements, particularly international agreements, pertaining to patents or the filing thereof with the Patent Office, where such instruments contain restrictive provisions or involve cross-licensing under patents or the pooling of patents."

According to the Association, the recording would be comparable to the recording of deeds for real estate. This position, it states, is in keeping with views long held and advocated by many manufacturers. It is pointed out that the subject was first seriously considered in 1935 when a bill was introduced in Congress by the late Representative Sirovich (D., New York). George E. Folk, now NAM patent adviser, testified at that hearing in favor of the principle of the bill as did other representatives of industry and the legal profession. The principle of the Sirovich Bill met with no opposition, but the proposed legislation was dropped before a satisfactory method of achieving its objective was developed. The NAM also says:

"While the United States leads the world in industrial research, it would be folly to assume that no good developments which could be beneficial to the United States originate in other countries. During peacetime the exchange of scientific and technical information throughout the world should be encouraged and no legislation should be enacted which hampers legitimate patent agreements either within the United States or between Americans and foreigners.

"Unfortunately, there apparently has been serious confusion of legal and beneficial patent agreements with illegal and undesirable cartels in the minds of members of the Department of Justice, Congress and the public.

"We do not defend cartels in the true sense of that term, and certainly not where they are employed as a means of unreasonable restraint of trade."

NY Welfare Commissioner

Leo Arnstein was sworn in on Feb. 8 as Commissioner of Welfare for New York City succeeding the late William Hodson.

Mr. Arnstein, who has been in the department since April, 1941, had been its acting head since Mr. Hodson took a leave of absence to work for former Gov. Herbert H. Lehman, now Director of Foreign Relief and Rehabilitation. Mr. Hodson's death in an airplane crash in Dutch Guiana on Jan. 15 was reported in our issue of Feb. 4, page 495.

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